

INSIDE: THE SAVAGE BATTLE FOR THE GULF

Maclean's

JANUARY 26, 1987

CANADA'S WEEKLY NEWSMAGAZINE

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CANADA'S WEEKLY NEWSMAGAZINE

Maclean's

JANUARY 26, 1987 VOL. 360 NO. 4

COVER

The epic struggle

The battle for Canadian Tint Corp. Ltd. has raged for years as the founding Miller family of Toronto fought among itself over the management and ownership of the company. Now, a regulatory ruling against a bid to sell control of the company has brought the family's long and often contentious dispute into public focus. —Page 28

ILLUSTRATION BY JOHN HARRIS



Threats in the North

Canada faces a growing challenge to its sovereignty in the Arctic from both the United States and the Soviet Union—and Ottawa is ill-equipped to deal with it. —Page 30



Rock of ages, rock 'n' roll
Lasciviously based on the life of Jerry Lee Lewis, *Fire* is touring as a raucous production that pits a hard-living rock musician against his TV evangelist brother. —Page 32



Death in the Garden of Eden

Both sides claimed triumph after some of the fiercest and grueling fighting of the Iran-Iraq war as thousands died in border marches which ran with blood. —Page 38



The sweet smell of success

Elizabeth Taylor and that she has no plans to marry companion George Hamilton, then she revealed that she is bringing out her own passion perfume. —Page 46

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Excluding outsiders

Your story on the Ghemessians' attempt to expand into Ontario ("A club closes its doors," *Conor*, Dec. 22) was very depressing. The destructive power of our modern "Family Compact" continues to seep spectacularly sideways against the raising of private-sector Canadian risk capital for those deemed not suitable for Compact membership. This time it's the Ghemessians. A few years ago the target for exclusion was Robert Campbell, and we all know where he is now—the United States.

—DAVID H. SPINK,
Ontario

The 1986 Honor Roll

The accomplishments of our fellow Canadians related in your 1986 Honor Roll ("Those who made a difference," *Conor* Special Report, Dec. 29) made inspiring reading. Indeed, some of the greatest examples of the striving for excellence in the major areas of life are occurring in war-torn backward.

—NATH GRANGER,
Kitchener, Ont.

As a Canadian living overseas, it gave me great pride and a deep sense of satisfaction to read about the outstanding accomplishments during 1986 of my fellow citizens back home. Congratulations to the select 12 and to *Maclean's* for a job well done.

—ALAN STUTTS,
Jakarta, Indonesia

I'm unsure as *Maclean's* honestly be lieves that history will judge these people to have made a real difference? Which of them is even achieving greatness?



Raphael and Alexander Ghemessian: power

change to the world or even the Canadian economy or political framework? Give us a break.

—PATRICK JAMESON,
Victoria

It is incredible that you did not list John Polanyi, 1986 chemistry Nobel laureate, in your 1986 Honor Roll because his "excellence has already been duly celebrated."

Your decision is consistent with federal science and education policy—ignore, erode or undermine—but not consistent with the need to encourage education and development in this and related areas.

—ROBERT PALMER,
Mississauga, Ont.

When John Polanyi first spotted cheerful humankind, he was actually seeing something new under the sun and adding significantly to the world's storehouse of knowledge. It is going to give few to do so. Your failure to see the difference he made means a lack of understanding of the importance of basic research in changing our world.

—JANINE PELTON,
Toronto

Delighted with MacLeod

Well may Dr. Roth enjoy a long vacation. Stewart MacLeod's column "When a Good Neighbor forgets" (Jan. 5) was one of the most apt and delightful pieces that ever appeared in your excellent magazine. Though I enjoy precisely all of Allen Fotheringham's columns, there are times when his cynicism and sarcasm outweigh his considerable grasp. Let's have more of Stewart MacLeod.

—FRED NEUBAUER,
Knox, Sask.

Letters are edited and may be condensed. Writers should supply name, address and telephone number. Mail on instructions to: Letters to the Editor, *Maclean's* Magazine, Maclean's Printing Bldg., 777 Arg. St., Toronto, Ont. M5V 1A7.

PASSAGES

DEED Song-and-dance man Ray Bolger, 85, whose toothy charm and comic profitability made him an unlikely but typically leading man on Broadway and in Hollywood, of course, in Los Angeles. Bolger gained a place in movie history when he starred as the Striped Man in the 1939 classic *The Wizard of Oz*. Bolger said that he was disappointed that it received poor reviews when first released, but was delighted at its later success on TV. "After all," he said, "The Wizard of Oz carries the message that there's a place like home."

DEED Broadway gossip columnist Earl Wilson, 73, whose follow press about glamorous celebrities and attractive starlets brought the flavor of New York night life to millions of readers, after a history of Perelman's dream and a stretch which left him on a comic, in Babylon, N.Y. Wilson also enjoyed a brief but memorable stint as an actor, playing himself in the 1968 well-known movie *Book of David* along with Annette Bening and Frankie Faison.

DEED Scholar, author and humanitarian Norah Michener, 85, wife of former governor general Richard Michener, after a lengthy battle with Alzheimer's disease, in Toronto. A doctor of philosophy who also held several honorary degrees, Michener distinguished herself through her academic and popular writings and her charitable work.

APPOINTED Diplomat and scholar David Wilson, 51, as the new governor and commissioner-in-chief of Hong Kong, to the British Foreign Office. Wilson, an athletic Scot who has spent many years in China and Hong Kong, was influential in negotiating the 1984 agreement for the transfer of the British colony to China in 1997.

ORDERED French film director Roger Vadim, 56, and his publisher to pay damages of \$14,000 each to the stars Catherine Deneuve and Brigitte Bardot, who claimed their privacy was invaded when Vadim revealed details of his personal relationships with them in his book of memoirs, *Barbare Deneuve*, Pionis, in Paris court.

CHARGED Bishop Armando Antonio Rivera, 55, and mainman in a *How to Seducer* Appeal, 35, with 36 counts of third-degree murder in connection with the New Year's Eve fire at San Juan's Dupont Plaza Hotel, in the Puerto Rican capital. Armando Rivera was accused of helping to shield Ranciers Aparicio from men while the minister in power was ignoring the smoking gun that set off the blaze.



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A military renaissance

The guns have been silent in the Philippines, but a battle has continued to rage for the hearts and minds of Filipinos. Last Nov. 30 the government of President Corason Aquino announced a 60-day ceasefire between the armed forces and the New Peoples' Army. The Communist rebels who have been active since 1967 (but whose power talks began in early January, the two sides resumed far apart, with most observers predicting that the country's civil strife would continue for some time. Madison's Louise Barton City/Rees later visited an

the outland New Peoples' Army (NPA), the 22,000-member Communist force that has been fighting for control of the 7,300 island Philippine archipelago for the past 17 years. For most of that period the NPA gained strength, but Aquino says that the tide has begun to turn—at least in Cagayan. As proof, he points out that 32 of the 39 recruits training at his camp are former NPA guerrillas who recently defected to the military. "We have been at war for many years," said Aquino, "but only now are we be-

ing a poverty-stricken rural areas, where clashes between the NPA and government forces were most intense. "Discipline in the NPA had completely broken down," said one Western diplomat in Manila. "It is no wonder that a lot of people thought the army behaved worse than the rebels."

Reversing the military's image has been a difficult task. The army's abrupt decision to withdraw its backing from Marcos last February and support Corason (Cory) Aquino enhanced the military's popularity. One of Aquino's first acts after taking power was to appoint a presidential commission on human rights, headed by former senator and human rights activist Jose Diokno, to investigate reports of officially sanctioned torture and killing by the army during the Marcos regime. But the military has been slow to cooperate with the commission, and so far the panel has not laid any charges. Aquino also ordered the dismissal of more than two dozen senior officers who had remained in their posts beyond the official retirement age. But she has failed to institute a top-to-bottom reform of the army.

The Philippine army prefers to restore order in its ranks in its own way. During the later years of the Marcos regime, a small group of senior officers, known as the Reform of the Army Movement (RAM), was working behind the scenes to try to prevent the total breakdown of the armed forces. The military reformers, who included Aquino, do not say that they believed the only way the army could check the dramatic growth of the Communist insurgency

was to win back the loyalty of farmers and peasants. But for years Aquino and other reform-minded army leaders were constrained by the control exerted over the armed forces by Marcos and his chief of staff, Gen. Fabian Ver. It was only after Marcos's departure that the "RAM boys," as they were known, began to put their ideas into practice. One of the first to do so was Aquino's 2d, a graduate of the country's elite Philippine Military Academy. Last February he became one of the first high-ranking officers to support Aquino openly—and later received a distinguished civilian medal.

Since April, Aquino has commanded the 370-member provincial constabulary—or regular army—in

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Aquino training troops: attempting to win back the loyalty of the farmers and peasants

army camp in the northern Philippines just before the ceasefire to learn how the country's military was coping with the Communist threat. He did this report

The daily routine at Camp David Corpus in Cagayan, a province in the northern Philippines, begins at 5 a.m. Awakened by the squawking of roosters, Col. Rolando Aguinado sits down with his men to a cup of instant noodle and a heaping plate of locally grown rice and scrambled eggs. The men sit with their hands in traditional Philippine fashion. Then, after clearing up, the troops sling their automatic rifles over their shoulders and begin five hours of training designed to prepare them for any future combat against

guerrillas to win the money over to our side."

The recent series of defections from the rebel forces signifies an important change for the Philippine military. Under former dictator Ferdinand Marcos, whose 20-year regime ended in a peaceful revolution last February, the 22,000-member Armed Forces of the Philippines (AFP) became notorious for its corruption and frequent abuses of human rights. In a wave of right-wing terror, the army allegedly perpetrated thousands of so-called "salvage"—death-squad killings of left-wing activists and civilians suspected of aiding the insurgency. Such abuses hardened the Communist's resolve and drove many Filipinos to sympathize with the rebels, especially

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Cagayan, a sparsely populated province about 300 km northwest of Manila. Much of the territory is flat and covered with rice paddies, but a rugged mountain range dominates the southwestern half—an ideal shelter for NPA guerrillas.

San Agnello. "We try to follow the rebel movements, but it is very hard to find them as long as they are hiding in the hills. The trick is to squeeze them out by killing their supplies of food and ammunition."

Until Aquino's victory 11 months ago, the army had little success with that strategy. The rebels had persuaded many local villagers that the NPA was on their side in the struggle to overthrow Marcos.

Many rural Filipinos, exposed to corrupt local government officials and ill-disciplined soldiers who stole food and tortured civilians, were happy to provide support to the rebel cause. In Cagayan and in other regions, the NPA created an extensive network of local messen-

gers and spies who warned guerrillas of nearby troop movements. U.S. analysts say that the rebels now operate in 60 of the Philippines' 74 provinces and control about 30 per cent of the country's villages.

Even after Aquino's success, Filipinos remained distrustful of the army. One of the reformers' problems was the fact that not all of the "RAM boys" were young examples of military professionalism. Indeed, many members of the movement, opposed to Aquino's apparent willingness to negotiate with the rebels, were disgruntled after last November's alleged coup attempt against the president.

But the Communists' tight control of the countryside is beginning to pose a problem for the army. Many rural Filipinos complain that over the rebels have infiltrated an area, they force local residents to live by their rules. "We have to give in to their demands or suffer the conse-



Aquino investigations

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quences," said a woman who lives near the province's southern border. "We can't do anything about it. Fighting is the only way we can earn a living, and if we leave our farms all of us will die of hunger."

Typically, rebels demand that local businesses pay taxes amounting to as much as two-thirds of their annual profits. Last year NPA guerrillas seized 58 pieces of heavy equipment from a logging company in western Cagayan and released them only when the firm agreed to pay the rebels 100,000 pesos (about \$42,000). Last November, 33, who described himself as a former member of an NPA assassination squad. "We had to collect progressive taxes from the businesses to pay for firearms, food and other revolutionary expenses."

Although the rebels remain a potent force, Aquino's strategy of trying to weaken their underpinnings appears to be paying off. Since April, 102 NPA guerrillas have surrendered to the military in Cagayan province. Aquino's success has also been rewarded throughout the country. "Before, we were afraid of the army because anyone who was captured by them was tortured and detained," said Constante Paulino, 21, a five-year veteran of the NPA who now lives at the Provincial Military Headquarters in Tagaytay, Cagayan's capital. "But now that the abuses have stopped, I am working with the military and telling them everything I know."

Still, Aquino admits that he is sometimes frustrated in his efforts to instill military discipline. In early November he ordered an investigation into allegations that several paramilitary soldiers in his district had executed three civilians when they suspected of being NPA informants. At the same time, he said, there are still occasional reports of soldiers being drunk and disorderly. Some soldiers also tell their army-invest 16-18 soldiers' rules, which allow \$1500 such as the black market—\$150 more than an NPA soldier's annual pay.

The answer to such abuses, Aquino says, is to crack down even harder on those who fail to do their duty. Between April and June last year more than 70 soldiers died in NPA ambushes in western Cagayan because, Aquino said, they were not properly trained in counterinsurgency techniques. "It turned out that their battalion commander spent all of his time in Manila trying to get a promotion," he explained. He added, "I immediately relieved him of his command and sent him to division headquarters. Now all he does is sit behind a desk." □

CLOSE-UP

An AIDS crusade

The resignation stunned readers of the 130,000-circulation *Manila Star-Bulletin* last year. On Sept. 1, a page 9 column by William Cox said in part, "Today is my last day as managing editor. I am going on an indefinite tour. The illness is AIDS." Cox, 37, a reported newspaperman, had just been diagnosed as having Acquired Immune Deficiency Syndrome. In a bold step shared by most AIDS victims, he made his diagnosis public. And in the four months that have passed since his announcement, Cox, who is homosexual, has appeared on television and given speeches on the importance of removing the stigma of AIDS. At the same time, he has continued his own fight against the disease that has already afflicted close to 30,000 North Americans. "One reason I went public was for people without AIDS," Cox said recently. "I showed that even mainstream people can have it."

Cox had his first hint of the disease last summer, when he felt a burning sensation in his lungs while jogging. The problem, a severe strain of pneumonia, led to an AIDS diagnosis. He found himself too weak to continue at the *Star-Bulletin*, with a staff of 80 reporters and editors. At a meeting with executive editor John Rhinco, Cox discussed the option of keeping his resignation announcement vague. But, Cox explained, "The 20 years I've prevailed that it's better to have men than specialists. So I felt it was a little hypocritical to say I was resigning for personal reasons."

Star-Bulletin staff and management have supported Cox. Although the paper received several critical responses to the announcement, Cox himself has received hundreds of supportive letters—from as far away as Italy, Brazil and Sri Lanka. But Cox downplays the coverage. He has dropped in his crusade. "I do not mean to say that everyone with AIDS should make the disclosure—those who do not are not cowards," said the journalist, who meets weekly with an AIDS support group but confines his activities largely to light housekeeping and reading. But, added Cox, for a population proud by its strong health care, "one of the ways to eliminate hysteria is for more people to speak forward."

—KEN RAUBER in Honolulu

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COLUMN

A questionable witness to abuse

By Barbara Amiel

There are few more horrifying scenarios than the sexual abuse of children. But the problem with child abuse has been in proving that a crime took place. Very young children may not understand what is involved in sexual abuse. And until now society appreciated that even older, prepubescent children may not always understand the difference between fantasy and reality, and as their evidence needed corroboration even more than that of adults.

Not anymore. Bill C-16 would eliminate the need for corroboration of the sworn testimony of a child in sexual abuse cases and even forbids a judge to warn the jury that an uncorroborated conviction may be unsafe. As the issue heats up and the legal definition of sexual abuse widens to include any contact "for a sexual purpose... directly or indirectly with a part of the body or with an object, a part of the body of a person under the age of 16 years," it may be that Bill C-16's cure is worse than the disease. The warning signs are already in our courts.

Most recent would be the conviction of a Hamilton, Ont., Crown witness hearing that, in so decade the life of two sisters. Two years ago the sisters were voluntarily turned over to the local Children's Aid Society by the mother after she had decided that her own personal problems and the children were more than she could handle. A few weeks later she wanted her children back. But it was too late.

The sisters had told their foster mother a horrifying tale of incest, incest, incest, incest and incest. Police investigated the charges and used the children's evidence to support the children's story. No criminal charges were laid. In normal times that would have ended the matter and the children would simply have been sent for psychiatric counselling. But these are not normal times. Society's unwilling to consider child abuse in its full light, and the issue of psychiatrists, therapists and psychologists eager to gather evidence of videotaped interviews with the children would not be satisfied without their day is over. They maintain the workshop hearing which turned from a routine procedure into a two-year in-

vestigations with more than 130 days of evidence. Indeed, that may be only the first episode in a series the same foster mother has now told authorities about another daughter taken from a new set of children in her care.

It all has sinister echoes of another child abuse case still unfolding in California. It was three years ago that Judy Johnson of Manhattan Beach, Calif., claimed that her 13-year-old son had been sexually abused at Los Angeles' reputable Mulholland primary school. Johnson, who died last month at the age of 61, persuaded police to examine parents locally, asking them to question their children. The outcome: seven persons were charged with more than 800 counts of molestation and conspiracy that allegedly involved bondage, sexual mutilation and sexual rituals.

But not everyone involved in the case was satisfied about the charges. One prosecutor resigned and later

As we ask children to act out events with dolls, it is difficult not to invoke their healthy and active capacity for fantasy

claimed that virtually no evidence existed for the charges, stating he believed that all defendants in the case were innocent. The children, he claimed, were interrogated for hours on end and asked leading questions. According to him they were asked for accounts of abuse, but "chastised" for denying it. One is reminded of the comments of prominent child psychiatrist Dr. Olive Chamberlain, testifying in the workshop case in Hamilton, who cautioned the court that "you can put things in a child's mind very easily. I think it is a mistake to assume children will always tell the truth."

The idea that children always tell the truth has only recently been popularised by child abuse experts. In the past we understood that children were very much like adults; they could very easily tell the truth and they could very easily lie. Child abuse experts claim that children, particularly young ones, simply do not have the capacity to invent tales of sexual abuse. While that may be true for very young children, over time becomes less clear without telling the truth and when we use such defense techniques

as re-enacting sexual incidents with dolls. This "play" approach with young children, now very popular with social workers and police, uses dolls to represent adults in sexual abuse situations that we assume are too complicated for three- or four-year-old children to understand. But as we ask children to use dolls to re-enact an event that may have occurred, surely it is difficult not to be suggestive or invoke the capacity for fantasy that may be healthy and active in all children.

Further, changes to the Canada Evidence Act would allow children to make their initial testimony in court through videotaped interviews. If sexual wishes to cross-examine a child, the accused could be ordered to leave the courtroom. The idea behind this is that it is too traumatic for children to face the person that may have abused them. But our system of justice has always presumed that children are competent to give evidence. If admitting to the jury that a child cannot then the accused is open court, one reserves the cause of guilt and evokes the psychological presumption that the accused has done something so dreadful that the child must be protected from him.

Other problems exist. The 1984 two-volume Badgley report, "Sexual Offences Against Children," recommended increased education and counselling to teach children to recognize sexual abuse. This is all very well, but there are difficulties in trying to teach the consciousness of very young children. In London, England, one mother, who was recently getting her child ready for a bath after she returned from nursery school, told her daughter, pulling away from her as the maid in take off the child's knickers. "You mustn't touch me there," said the child. "Well, though the mother, if the child complains to the school that her pants are so itchy, very easily."

Older children can be more manipulative. In Ontario last summer, after a neighbor refused to let two girls use his swimming pool on a hot day, the teenagers went to the police with a story of sexual abuse. It was stopped for want of charges, of course, but not without some embarrassment for all concerned.

Society can afford neither an attack on child abuse without lapsing into these fallacies, I think. But we have to accept that child abuse problems cannot be entirely solved without creating even greater ones.





Curry with aides at Vancouver reading with provinces, "we should try and make this work."

Talking tough on trade

For the first 25 minutes of their meeting last week, International Trade Minister Pat Curry and her provincial counterparts clasped at each other across a conference table as technicians struggled to get the sound system working. The issue under discussion: the 10-year-old export tax on salvaged lumber argued by the federal government under protest from the United States. When the microphones went live, the talks continued in more moderate tones. But the adversarial atmosphere remained. Indeed, behind the closed doors of a Vancouver hotel room, Curry and some of the provincial counterparts were sharply divided not only on how the agreement would be implemented, but on the merit of the agreement itself.

The dispute between Curry and the provinces—overlaid by a Mulroney's reputation where the proceedings were inadvertently poured into an adjoining room as the public address system—undermined the political consensus that contained the surrender of the lumber deal. With the exception of Ontario, the provinces had earlier approved negotiations with the United States on the lumber dispute. The talks ended on Dec. 26 with a deal under which Canada imposed the export tax in exchange for the cancellation of a punitive U.S. duty on Canadian lumber. But now officials told Curry last week that they

were concerned about Ottawa's proposal to phase out the tax and replace it with higher provincial timber-exporting rates, known as stumpage fees. Higher fees, they said, could seriously damage the forest industry.

In response, Curry said that Washington might abrogate the accord and take more action against Canadian lumber exports unless Ottawa and the provinces reached a pact of their own. Said the minister: "I'm stating this as a fact. If we cannot work together and the agreement falls apart, we will find ourselves exposed to other measures. We should try and make this work."

Curry's statements clearly displeased some of the provinces. Manitoba's Trade Minister Victor Schoeder said that her remarks appeared to mean that "if we don't kill our industry ourselves, you're going to cause the agreement [with Washington], I'm sure, to be proposed to shut down our industry to keep this agreement going." Added Schoeder flatly: "Based on this precedent, we don't think that we can feel confident about your re-

instating free trade."

The Vancouver debate reflected that the lumber agreement has caused at least as many problems as it has solved. It has pitted Ottawa against the provinces, the provinces against each other, the forest industry against the federal government and Canadian trade officials against their American counterparts. Said Harry Herrocks, spokesman for the U.S. National Lumber and Building Materials Dealers Association: "It is probably the most unsettled settlement in the history of negotiation."

The dispute is expected to escalate this week when Parliament reconvenes after a four-week recess. The Liberals and New Democrats have vowed to delay legislation to enact the export tax. At the

same time, the opposition plans to attack the Conservative government's handling of free trade talks with the United States, which resumed the two days in Washington last week. The opposition parties got fresh ammunition when the chief American negotiator at the talks, Peter Murphy, held a conference in Washington that the two sides should discuss automobile trade. Alarmed, Ontario Premier David Peterson threatened to veto any trade agreement that would weaken Canadian protections on the 1986 U.S.-Canada Auto Pact, which provides for tariff-free trade in automobiles and safeguards tens of thousands of Canadian jobs. Federal Liberal Leader John Turner called the emergency debate on both lumber and the Auto Pact. And NDP Leader Ed Broadbent demanded that Prime Minister Brian Mulroney recall American negotiator Rod Broadbent.

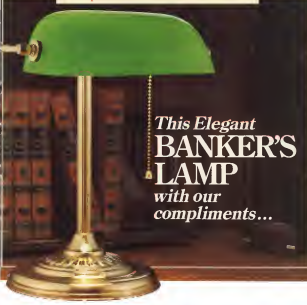


Schoeder doubts

"He has to say, 'Enough is enough.'"

The Conservatives had expected to receive more support for the lumber agreement from the provinces, but Curry's appeal for a united front on the issue appeared to fall on deaf ears. One reason officials from some eastern provinces are concerned that western provinces will flood the domestic market with their lumber because the export tax

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will make it more difficult for western provinces to sell their lumber in the United States, they said, the West will have no alternative but to sell more of its product in Canada. Kenneth Stronach, Nova Scotia's minister of lands and forests, told the Vancouver meeting. "I can assure you as sure as we're all sitting around here that we'll see sawdust going under."

For his part, Les Syme, Newfoundland's minister of forest resources and lands, flatly refused to raise stumpage fees because Newfoundland is not a lumber exporter. And British Columbia Finance Minister Mel Cougle also asked for assurances that Ottawa would channel the revenues from the export tax to the province to monthly payments while stumpage increases were under negotiation—or at least pay the province interest on the money while it is in federal hands.

With the lumber dispute still far from resolved and the renewed controversy about the Auto Pact, the resumed free trade talks got off to a rocky start. Going into the meeting, Canadian negotiator Steven Romanow accused Murphy of being "mischievous" in raising the question of Canada-U.S. automobile trade, worth about \$50 billion a year. A belligerent Romanow told reporters, "I've already let him know that I don't like it and I'm going to let him know again I don't like it." Romanow said that Murphy should tell him personally if he wants to discuss rates. After the meeting, Murphy explained that no decision had been made on whether the Auto Pact should be part of the talks.

Romanow and Murphy are expected to meet next month. Some broad policy discussions in specific provinces and industries, so negotiations are unlikely to get any easier. Even if the two sides succeed in meeting an early October deadline for agreement, it must still be ratified by a provincial legislature. In Quebec, where Democratic leaders are now pushing for a sweeping trade bill that would further reassure Canadian exporters. Several U.S. trade experts had weak news the growing divergence between the Mulroney government's trade goals and the attitudes of Congress. Said Michael Alai, a senior trade consultant with the Council on Foreign Relations in New York: "What you've got to watch for is the meeting months is a collision course developing between what Canada wants and what Congress is doing." For the Conservatives—who last week slipped to third place behind the Liberals and won in the Gallup poll—that was a politically serious forecast.

A setback for labor

Black White spent two tense days in a Halifax hotel last week waiting for the phone to ring. The president of the Canadian Auto Workers (CAW) union had led a three-month drive last fall to organize 5,000 workers at Michelin Tires (Canada) Ltd.'s three plants in Nova Scotia. Finally, the results of the November vote were announced. At 5 p.m. on Thursday, the provincial labor relations board informed White to break the news to "Okey," he replied tensely. Then he

the close vote "proved the arrangements" of the situation. He added that the company—which is based in France—will immediately hire an outside consultant to study employee complaints at its plants in Greater, Bridgewater and Warrville. Michelin also said that the company will launch a program in July to improve its relations with its employees.

Michelin workers who voted against unionization welcomed the outcome. But many said that they were pleased

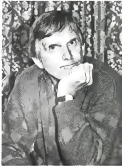
that the vote was close. At a noisy celebration at the Bridgewater plant's employees' social club, 33-year employee Lewis Williams said, "We're happy, relaxed and elated." But he added: "Now Mr. Redburn is being careful. I agree he should look at what Michelin employees want."

Labor leaders across the country watched with keen interest the latest attempt to crack the fiercely anti-union company. The first drive failed in 1978, after Nova Scotia's Conservative government passed legislation—which became known as the Michelin Bill—that required a union to win the support of a majority of workers at all interdependent plants owned by a company. That measure, preventing unions to organize, was nullified at a time when the union's job

more difficult. But White and the main reason that the union lost its fight was fear that Michelin might close its plants if the organizing drive was unsuccessful. And that fear was a very difficult, he said.

The labor board also imposed a six-month moratorium on further CAW organizing drives at Michelin. But White said that he will try again to organize the company. "The workers in Michelin will become members of the CAW," he declared. "It's just a matter of when." Still, for many Michelin employees who had feared pro- and anti-union demonstrations at the gates of their plants for months, the prospect of at least a pause in the battle appeared to be a welcome relief.

—DEBORAH JONES IN HALIFAX



While awaiting vote, nationwide interest by union leaders



Micheline (left) and Laurence Lévesque in Rome: "It is a road—just emptiness and waiting"

Life in a Roman limbo

They are carefully prisoners in an equally unusual prison. As they struggled by Rome's fabled Trevi Fountain one morning last week, Micheline and Laurence Lévesque, two middle-aged sisters from Jonquière, Que., looked tired of the thousands of tourists who visit the city each day. But, said Micheline, a 35-year-old high school teacher, of their life over the past year "it is a void—just emptiness and waiting." Each day at 2 p.m. Micheline and Laurence, 56, a retired school-board administrator, meet visitors in their temporary home, a church-owned apartment in Rome's historic centre district. Under house arrest by Italian judicial authorities, they are confined there until Feb. 12. On that day they are scheduled to stand trial on charges of possession of and trafficking in five kilograms of heroin found in their suitcase six years ago.

The bizarre case of the Lévesque sisters—who admit the drugs were planted by a "criminal organization" without their knowledge—has gained wide attention in both Italy and Canada, and plans for a book and a movie about their story are already under way in Quebec. After their arrest at Rome's Leonardo Da Vinci Airport on Jan. 7, 1985, the sisters spent four months in prison. There, they said, they were temporarily placed in solita-

tion and forbidden to speak, read or write. Rejected Laurence: "The sisters were anguished. Instead of visits there were only loving and drug addiction screams." Last April Italian authorities transferred the Lévesques to the church-owned apartment and granted them four hours liberty each day. But if they are found guilty of drug trafficking next month, they face up to 15 years in prison. Said Micheline: "We are so afraid of a trial. We have heard so many horrible stories on prison about the justice system."

To their acquaintances in Jonquière—a city of 60,000 in Quebec's isolated Saguenay-Lac St. Jean region, 200 km north of Quebec City—the notion that the two sisters could be guilty is ludicrous. Both Micheline, a widow with two grown children, and Laurence, who is unmarried, are regarded as well-educated women, frequent travellers with wide interests. Neither has a criminal record. Said From Ferrer, a family friend for more than two decades and principal of the high school where Mi-

cheline teaches: "It is unimaginable that they could be guilty. It's got to be a trap." The Lévesques say their ordeal would have been much worse without the support they have received from friends at home. Said Micheline: "So many people have helped us, allowed us to keep up hope."

The sisters blame their plight on a mysterious man whom they met in Quebec City in 1985. The man described himself as a travel agent, said them tickets to

India and arranged to meet them in Delhi to see as their travel guide. In India, the sisters say, they allowed him to take charge of their luggage. He returned it shortly before they boarded a flight headed for Canada via Rome. The heroin, which Italian police estimated was worth more than \$5 million, was discovered by customs agents at the Rome airport during a routine baggage check. The agents detected the smell of glue coming



Achenbach-Buare

from the sisters' two red suitcases and discovered the drug hidden behind false walls in the suitcases. The Lévesques and they have lost the unidentified man's telephone number and address and have no

Death in the Garden of Eden

Some of the bodies had been completely crushed. Others had been charred beyond recognition, while still others had been machine-gunned to death. At times on Iraqi television in Baghdad, most of the Iranian victims were shown lying face down. Iraqi authorities said Tehran was sending Iranian bodies of honor—volunteers from schools and colleges—across the enemy. Reports in Baghdad spoke of Iraqi fighters, alerted by the slaughter, shooting the enemy to go back.

The Iraqi soldiers were clearly off-guard, and both sides' claims of military triumphs were suspect at best. But one thing was certain: last week's fighting was some of the fiercest and deadliest of the six-year-old Iran-Iraq war. The heart of the battle took place in southern Iraq, where the Tigris and Euphrates rivers join to form the Shatt al-Arab waterway. In the early-morning darkness of Jan. 8, about 20,000 Iranian troops crossed the Shatt, which serves as the border between the two countries, and entered a large marshy area thick with bulrushes. There they were met by Iraqi defenders—and the numbers ran high.

The invaders managed to march about three kilometers and establish a foothold on Fish Lake, a narrow bay by the Iraqis to guard the key port city of Basra. In the days since, Iraq responded with air and missile raids on Iranian cities and the Iranian launched a limited attack on central Iraq. But by nightfall, it appeared that Iraq's troops were again, as usual, the war as a whole, had bogged down into a stalemate.

Neither country allowed independent observers to visit the southern battle field, which one Iraqi

commander called the "killing zone." But analysts in Baghdad, the Iraqi capital, city 400 km to the north, and that about 10,000 Iranians and a lesser number of Iraqis may have been killed or wounded in the total number of casualties is an estimated one million since September, 1980, when Iraqi President Saddam Hussein began the war by sending his armored divisions across the Shatt in an effort to seize territory from Iran. Since then the fighting has virtually consumed the two governments and their oil-based economies. The Iraqis have indicated their willingness to accept a peaceful settlement. But the Iranians, moving to seek total victory, have named 500,000 troops along the border for a long-chested final offensive that experts anticipated would be won by the end of March. Last week's analysts in Washington and the Middle East said they could not yet determine whether Iraq's latest incursion was the start of that offensive.

For all the opportunity surrounding the fighting, Iraq's objective seemed clear: to capture Basra, Iraq's second-

largest city with a population of about 1.5 million people. There, experts say, Iranian troops would set up a provisional government under Ayatollah Khomeini, an Iraqi of the Shia sect—a beleaguered branch of Islam—who has been living in exile in Shiite-controlled Iran. That government would then try to sow internal dissent against the secular Baathist regime of President Saddam Hussein, a Sunni Muslim in a country with a Shiite majority. Leaders in Baghdad have talked about a red line of Iraqi countries that, if crossed, could lead to enough internal dissimulation to overthrow Hussein. But they have never said how long that number is, and most U.S. analysts say that they do not believe Baghdad is close to reaching it.

The assault on Basra was the second in as many months. On Christmas Eve the Iraqis repulsed an Iranian advance on the city from further north that, according to U.S. military officials, left an estimated 10,000 Iranians and 8,000 Iraqis dead. Some analysts suggest that the Iraqis may be trying to exploit the current rainy season, which enlarges the swamps and prevents the Iraqis from making effective use of their superior tanks. Some But observers in Washington said that week that the Iranian's latest frontal assault would still be head-oned to prevent Iraq's economic life. Iraq's oil exports are the lifeblood of its economy, and the long network of pipelines and refineries out of Basra. "I don't believe Iran can push through them," said Steve Geiss, a military analyst with the Washington-based Center for Defense Information. "And if they do, I don't think they could hold Basra for long."

Exactly what Iraq did accomplish last week had to be sorted out from a barrage of conflicting bulletins. On Basra, an Iraqi Iraqi army force for the advancing Iranians, Iraq's Iranian showed. Hussein himself, wearing a helmet and sunglasses, visited the front. There, commanders assured him that the operation was "on the right course," the agency said. The Iranian press agency, on the other hand, reported the Iranian army's advance toward Basra. "Unfortunately, we have some deserters," the Iranian press agency said. "On Tuesday the Iranian press agency reported that Tehran's troops had, in fact, breached the Iraqi Fort Leo. The agency also said that Iranian forces had captured three Iranian-made tanks and a tank from Iraq. The Iraqi army had taken 29 square

miles. But Iraqi sources claimed that Baghdad's men had recovered most of the equipment, pushing down the invaders on a number of four-square-mile and mixed. A U.S. defense department analyst said that, based on satellite and other intelligence data, the Iraqis appeared to be holding the Iranians to a

level of air superiority. It was reported arrival of a shipment of F-86 Falcons, the first Soviet fighter with the promise ability to use its radar to locate, track and shoot down aircraft. But a surprising number of Iranian F-4s have taken part in the battle for Basra. That, analysts said, is an indication that spare

by telephone said that they faced retreating and long lines to buy food and fuel. They also had to cope with power blackouts of up to 10 hours a day, the result of Iraqi bombardment of two large power plants. And with young men facing a seemingly insatiable demand for soldiers, at least 200,000 draft-



Iraqi soldiers with Iranian victims near Basra. Iranian wave attacks and massive losses in the Gulf war's deadliest battle.

breachments, one at the south end of Fish Lake and the other a few kilometers farther south.

Iraq's gains in central Iraq seemed even more modest. The attack, which the Iraqis called as the opening of a second front, came in the Marshes area, about 135 km northeast of Baghdad. Radio Tehran said on Wednesday that Iranian forces had captured a chain of strategic border posts occupied by the Iraqis since the beginning of the war. But a state department spokesman said the following day that the port area was of little importance and that the attack had proved unsuccessful.

Meanwhile, Iraqi planes bombarded several Iranian targets, including Tehran and the holy city of Qom. An Iraqi spokesman said that the attacks were designed "to let the Iranian rulers know they are mere dwarfs." The Iraqi report is a bit of an advantage in air power, which helps to compensate for Iran's three-to-one margin in troop strength. Adding to

parts from the United States and Israel, appeared along with new missiles in the controversial war-on-peace deal, have been put to good use. The 300s could be effective against Iraqi tanks and bunkers, but it is not clear whether they have made a significant difference in recent fighting.

While most of the conflict has occurred elsewhere, the war has also come home to the two capitals. Last week four Iranian missiles landed in Baghdad, causing some casualties but apparently little panic. Moscow's correspondent Ian Macfarlane reported that the city's streets, public buildings and mosques were fully illuminated at night, and its restaurants and shops remained open. That was in keeping with Hussein's "normality" policy, designed to keep public spirit.

In Tehran, however, life was clearly disrupted. While Western correspondents have not been allowed to visit the city in recent months, residents reached

age Iranians have taken refuge in neighboring Turkey since the war started.

At week's end, the outcome of the Iranian incursion remained in doubt. Some U.S. analysts said that Tehran, lost running out of money, might not be able to keep up the pressure much longer. "If the military offensive fails this time," said Tom McShugan, an analyst with the Brookings Institution in Washington, "there is a big question of how many more the Iranians will be able to launch." Should the Iranians break through, however, another question would loom: whether the Iraqis, who have reportedly also shelled oil-refining plants in the marshes, would either massive use of poison gas as a last resort. That remains a hypothetical horror. But the slaughter in southern Iraq—an area that legend holds to be the site of the Garden of Eden—is apparently real.

—BOB LEVINE with IAN MACFARLANE in Baghdad and WILLIAM LUTHERICK in Washington.



Behind all the President's woes

It was President Ronald Reagan's first public event of the year—and he appeared relaxed and confident as he sat at his desk in the Oval Office last week and faced a television camera. Only 19 days before, he had undergone successful prostate surgery and

news of the arms-for-Iran affair—and to grasp other major national issues—continued to dominate White House spokesman Larry Speakes revealed that Reagan had not yet read his documents concerning the secret arms sale to Iran and the illegal diversion

look and grasp of issues are of increasing concern at Capital Hill. The article said that even Reagan's congressional supporters were "wondering if he comprehends some broader issues." The paper cited a meeting just before Christmas between Reagan

health, described him as "alert" and "vigorous."

One of Reagan's strongest defenders was Larry Speakes, who will leave the White House in February for a senior position on Wall Street. Speakes said that although Reagan had not yet read his White House documents on the Iranian arms affair, he would do so "in due course." He added that Reagan would not be surprised if the White House's handling of the crisis. The President was to hold detailed discussions this week with White House

Iran incident has drawn the criticism of even staunch Republicans.

Meanwhile, Reagan's associates were fighting several themselves about who had done what in the Iran affair. Recently, in testimony before the Senate Select Committee on Intelligence, Reagan's former national security adviser Robert McFarlane—who was in office when the Iran arms dealings began—said that the President approved the first shipment in August, 1985, five

intelligence reports to both sides in the Iran-Iraq war, he said, "That's news to me."

Shultz had his own critics. Last week Cyrus Vance, secretary of state under President Jimmy Carter, appeared before the influential Senate Foreign Relations Committee to testify on U.S. policy in Iran. In 1986 Vance resigned in protest at Carter's abrupt attempt to withdraw the 58 American hostages being held by the

Iranians. He made it clear that he felt Shultz should have resigned over the arms scandal. The secret White House policies, said Vance, were "naïve, wrong and severely damaging to our national interests and credibility."

So far the White House strategy has been to say as little as possible about the Iran incident. Indeed, the President has refused to make any comment on McFarlane's testimony as when he approved the first arms shipment. Brzezinski said reporters that it would be "inappropriate" to ask the President to clarify that point until the White House had pieced together a chronology of events. As well, White House aides said that Reagan had not yet decided whether to make any reference to the arms affair in his annual state of the union address on Jan. 21. However, if he avoided the subject, many observers said, he would only confirm suspicions that he did not grasp the full implications of the scandal.

But as each day passed with a presidential news conference and any other deliberation by Reagan on the subject, the pressures grew. Some Republicans, including Utah's Senator Hatch and Representative Henry Hyde of Illinois, appealed to Reagan to accept responsibility for the scandal. Hyde called for a full-scale investigation to probe and apologize. Urging Reagan to apologize Democratic President Harry Truman, who kept a sign on his desk that said, "The back steps here," Hatch said that Reagan should tell the American people "the whole story should have known." Added Hyde "I'm not saying the President should crawl, but he should explain." But at week's end the White House was holding firm. Said Brzezinski: "The President feels he has done nothing for which he must apologize."

—JOHN KIRKMAN with WILLIAM LUTHERS in Washington



Reagan before cabinet meeting: McFarlane (below), had advice, inability to grasp issues and 'a lot of co-convincing going on'

an examination to ensure that he was free of the colon cancer that had been detected in 1985. But the President, who will be 76 next month, showed no signs of wear and tear as he addressed high school students across the country on the birthday of assassinated black civil-rights leader Martin Luther King Jr. The President's live TV message—delivered in the soothing style that has earned him the title the Great Communicator—was that "we cannot be complacent about racism and bigotry." But the flawless delivery and easy manner failed to assuage the widespread perception that 16 weeks of buffing over the Irangate scandal, combined with age and doubtful health, had cruelly weakened his presidency.

Indeed, evidence of Reagan's apparent inability to appreciate the seriousness

of the profits to the contrary, anti-government rebels in Nicaragua. And as the President continued to insist that he had done nothing wrong, some of his closest supporters began to tell him to advise his mistake and apologize to the nation. Said right-wing Republican Senator Orrin Hatch of Utah: "It would be better if the President would say, 'The back steps at my desk.'"

The main criticism of the President appeared to deal with his "misdirection is total," as one newspaper put it. An article in *The New York Times* claimed that "Reagan's mental out-

and 38 senior Republican congressmen to discuss his forthcoming State of the Union Address. "Many of them left dismayed," reported *The Times*, "because many of his responses had little to do with their proposals."

Reagan's defenders bristled at such suggestions. Deputy White House spokesman Albert Brzezinski had a one-word reply to critics of the President's apparent detachment and misdirection: "Phoney." And a White House spokesman, seeking to counter reports that the President had severely let down as his daily agenda because of his



McFarlane and wife, Caroline, co-convincing a crisis strategy

months before Reagan admitted to having done so. In turn, White House chief of staff Donald Regan reportedly accused McFarlane of giving the President bad advice on Iran. The conflicting led his news administration officials to announce that "a whole lot of miscommunication is going on—and I don't think it's the President's as that's being covered."

One senior administration member keeping a careful distance from the controversy was Secretary of State George Shultz, who returned at midweek from an eight-day tour of Africa. Responding to journalists' questions, Shultz explained that during a two-year period he was kept in the dark about White House policy on Iran. When asked to comment on reports last week that the Central Intelligence Agency had been feeding falsified in-

formation by Reagan on the subject, the pressures grew. Some Republicans, including Utah's Senator Hatch and Representative Henry Hyde of Illinois, appealed to Reagan to accept responsibility for the scandal. Hyde called for a full-scale investigation to probe and apologize. Urging Reagan to apologize Democratic President Harry Truman, who kept a sign on his desk that said, "The back steps here," Hatch said that Reagan should tell the American people "the whole story should have known." Added Hyde "I'm not saying the President should crawl, but he should explain." But at week's end the White House was holding firm. Said Brzezinski: "The President feels he has done nothing for which he must apologize."

—JOHN KIRKMAN with WILLIAM LUTHERS in Washington

Campaigning with a free conscience

The convention hall in the West German industrial city of Ludwigsfelde was filled to capacity. On the walls hung campaign banners and posters in the national colors of red, black and gold. But the 4,000 people in the audience were surprisingly unenthusiastic. Receiving his government's economic record, Chancellor Helmut Kohl, 56, mumbled more like a pious corporate executive at a stockholders' meeting than a politician chasing votes. When it was over, his followers applauded only briefly before grabbing their coats and hats to leave. It was the sort of lukewarm response that might worry a less seasoned political leader.

But Kohl had every reason to appear confident: most West German opponents predicted that his conservative coalition would trounce the opposition Social Democratic Party (SPD) in the Jan. 25 general election. Admitted SPD spokesman Ralf Dierksen: "The voters are saying that times are good, so they're not the least bit nervous."

With a booming economy and an appeal to German nationalism and pride, Kohl's governing coalition had a seemingly insurmountable lead in the polls. Still, the SPD's candidate for chancellor, Johannes Rau, 58, was running a vigorous campaign, warning that Kohl's Christian Democratic Union (CDU) was attempting to "lapped to the right wing of our society" by implying that Germans should live less privileged than the country's Nazi past.

In the past three months Kohl has made several statements drawing a parallel between the crimes of the Nazis and human rights abuses by Soviet-bloc regimes. Earlier this month Kohl told a rally in Dortmund that East German authorities were killing 8,000 political opponents in "prisons and concentration camps"—a term whose sinister overtones are still strong. Kohl has also compared Soviet leader Mikhail Gorbachev's public relations talents with those of Joseph Goebbels, Adolf Hitler's propaganda minister.

In a less-publicized remark, the

chancellor likened the Red-Brown summit between Gorbachev and US President Ronald Reagan last October to the 1938 Munich Agreement, in which Britain and France tried to ap-

pease Hitler by agreeing to his territorial demands on Czechoslovakia. To many observers, Kohl seemed to be equating Gorbachev and Hitler. Still, Rau's sides were aware that the chancellor's choice of words will have little impact on the election. "For the pub-



Kohl with election supporters; opponent Rau (below) times are good, so don't rock the boat



lic of nonconfidence in the Bundestag allowed Kohl to resign the top job. Helmut Schmidt as chancellor in 1962, consumer prices in West Germany were rising by six per cent annually. Last year prices actually deflated by an average of 0.5 per cent, thanks to lower oil prices and the Kohl government's tight fiscal policies. Meanwhile, the country's trade surplus in 1988 was at least a staggering \$74 billion, compared with \$31 billion in 1983, and the gross national product expanded by 2.5 per cent last year, compared with 1.3 per cent in 1987. "People are grateful to Kohl for helping to engineer an economic recovery," said Klausheh Neilsen-Neumann, director of the Albrecht-Ludwig Institute, a leading West German polling organization. "It is as though all of the pessimism of the early 1980s just evaporated."

One of Rau's major problems has been to find ways of criticizing the government's economic record without sounding overly pessimistic. The 56-year-old SPD candidate has taken aim at West Germany's unemployment rate. "Politicians who are not able to

exchange the problem of joblessness can go to the devil." Rau told a crowd of 2,000 last week. Still, many SPD supporters say that they doubt that support at unemployment will win many votes. Said Hans-Werner Michael, a Rau campaign worker in Bonn: "Life is very good for most people right now, and I am afraid that they do not really care about people who lack jobs."

Kohl's only real worry is election day speeches appear to be the danger that he could actually be too successful for his own good. Since 1983 the CDU has governed in coalition with the smaller, liberal Free Democratic Party (FDP) and, in the state of Hesse, with its sister party, the right-wing Christian Social Union (CSU). Some analysts have predicted that the CDU and the CSU might be able to win enough seats between them to form an absolute majority without the FDP.

But, presently, Kohl's advisers say that they fear the prospect of a CDU-CSU majority, pointing out that it would increase the power of the chancellor's archrival, CDU leader Franz Josef Strauss. Nicknamed the Lion of Bavaria for his militant anti-Communist views, Strauss has recently exhorted Kohl by openly calling for increased arms exports and a retreat from the détente policies of the 1970s. Said Peter Kadenk, Kohl's campaign manager: "In the long run it is easier for us to govern in a three-party coalition. Besides, deep in their hearts the German people are not comfortable with an absolute majority." In fact, a poll released last week by the German newspaper Welt Am Sonntag showed that the non-voting CDU-CSU group would indeed fall short of a majority, with the backing of only 48.3 per cent of those polled. Another seven per cent supported the FDP. The Social Democrats had 26.5 per cent, and the voters' Green party, capitalizing on ecological fears raised by the recent chemical spill in the Rhine River, had seven per cent.

But for all their differences, Kohl and Strauss have one thing in common: the two men have both always stood behind the line of the Nazis. Kohl, who was 15 when the war ended, makes frequent references to "the Fatherland" and has encouraged outward displays of patriotism, including the playing of the national anthem. Deutschland, said a 36-year-old West German journalist: "For my generation, the anthem, the flag and Fatherland all had a negative connotation because of their association with dictatorship. But public attitudes are changing, and Kohl is riding that wave."

—ROSS LUTER in Bonn



Afghan Moslems rebuke a matter of timing for Soviet troop withdrawal

AFGHANISTAN

Peace offerings

First came a ritualistic ceasefire. In an emotional appeal, Afghan leader Najibullah went on national television last week to ask Moslem rebels who had been fighting his Communist government since 1978 to put down their arms. "Brothers, fathers, please support us," he said. "The destiny of the fatherland is in your hands." Then, the following day came the surprise announcement of the imminent withdrawal of 155,000 Soviet troops deployed in Afghanistan since 1979. At a congress of progressive religious and political leaders, Najibullah declared, "The Soviet Union and Afghanistan have reached agreements paving the way for the complete return of the limited contingent of the Soviet Union to their peace-loving country. The two initiatives were the most positive signs so far that Moscow and Kabul were determined to find a political solution to the draining war."

The immediate response to the peace overtures was more violence. Last week Moslem rebels, the Mojaheddin, quickly broke the ceasefire by killing three Afghan soldiers near the Khyber Pass. And officials from both the United States and Pakistan—which has lost to rebel forces and three million Afghan refugees—said that they were still uncertain whether Kabul's new stream on a political settlement to the conflict signified a genuine desire for peace or was an attempt to weaken support for the rebels. Still, the officials said they would meet in Islamabad this week to prepare for United Nations-sponsored peace talks scheduled to resume in Geneva on Feb. 11.

The six-month unilateral ceasefire took effect just two weeks after Kabul made its first overtures to the rebels. Apart from ongoing peace talks in Geneva through a UN mediator, Najibullah proposed direct negotiations with the Mojaheddin, as well as equal representation on a reconciliation commission and participation in a coalition government. A seven-group rebel alliance quickly rejected the initiative as a fraud. But at week's end Mujaheddin leaders were meeting in the Pakistani border town of Peshawar to discuss a more detailed response.

Despite the ceasefire violations, hopes for peace are flaring in Geneva. There, Pakistan—representing the rebels—and the Afghan government are expected to tackle the last major obstacle to peace: a timetable for the Soviet troop withdrawal. Last week Najibullah gave no details about the timing of a pullout. But after Geneva talks in August, the Soviets were reportedly willing to accept a two-year timetable. For its part, Pakistan was demanding troop withdrawals over three to four months. Said a Pakistani foreign ministry spokesman of the Afghan initiative: "Whether it is for propaganda purposes or for real will have to be tested in negotiations."

—ANDREW NIKLAS with correspondence reports



Mr. Jintao with his de-rigide political freedom and student demonstrations

CHINA

The end of a beginning

The endless rounds of a political shakeup swept through the Chinese capital of Peking last week. But the only sign of government activity was the presence of a fleet of buses on level of the imposing Great Hall of the People—an indication that China's national legislature was in session. Then, late in the week China's official news agency announced the stunning result of that meeting: the National People's Congress Hu Yaobang, 71, the general secretary of the Chinese Communist Party, had resigned. The departure of China's second-most powerful leader was the climax of a concentrated party drive to settle student dissent. After a tumultuous four-month experiment, China had clearly ended its flirtation with Western-style political freedom.

Last month, in a heady burst of freedom, students in at least 13 cities took to the streets to call for Western-style democracy. Chinese leader Deng Xiaoping had initially encouraged a move toward political freedom as part of his drive to Westernize China's economy. But as the demonstrations spread and the party was openly vilified, Deng went on the attack.

For the past two weeks government-controlled publications have denounced the students as class enemies. Early last week the former president and vice-president of the Science and Technology University in Hefei were fired after charges that they wanted to Westernize China. Then, Deng, 82, singled out his longtime associate and

lieutenant, Hu, for his lax treatment of the protesters and Western-style intellectuals. Three weeks ago Hu disappeared from public sight amid official reports of fatigue.

Last week the Central Committee appointed another Deng protégé, Premier Zhao Ziyang, 67, as Hu's replacement. Still, Hu's departure appeared to undermine all of Deng's reform efforts since 1979. Hard-line conservatives within the party had resisted Deng's openness to the West. But the government acted quickly to demonstrate its strength—and its commitment to economic reform. The official communist stated that Deng's economic reforms would continue. Then, minutes after the resignation announcement, an official in charge of commodity prices appeared on China's state television to promise that retail prices would be kept stable throughout the year. Rising prices had been the most unpopular aspect of Deng's economic reforms. But Western diplomats predict that it will be difficult for Deng to curtail the damage. Said one: "Deng is weakened, and the reformers are weakened."

Because Hu was reportedly Deng's handpicked successor, the crisis may delay the Chinese leader's retirement. Western diplomats say that Deng will hold on to power until he is sure that his reforms to change the face of China survive him. As one warned: "If anyone thought of Deng retiring, forget it. He is clearly ending the show."

—MARY LANGRISH with correspondence reports

ECUADOR

Kidnapping a president

In an instant, military pomp turned into blood tragedy. At a ceremony honoring Ecuadorian President Leon Febres Cordero last Friday morning, a soldier suddenly opened fire with a machine-gun, killing at least four members of the presidential guard and wounding four others. Social Christian Party Leader Pedro Cordero, who was at the Taura air base near the coastal city of Guayaquil to receive a medal from the military, escaped death by diving to the ground. But paramilitary commandos immediately kidnapped the 50-year-old president and demanded the release of General Frank Vargas Ponce, a jailed former air force commander who led two military rebellions in one week last March. Only 11 hours after the kidnapping, Vice-President Blanca Petacherra arrived to demand the release of Vargas from prison. As a result, the kidnappers freed Febres Cordero. Said the president: "Ecuadorian democracy has triumphed."

The freeing of Vargas may actually mean political freedom in Ecuador, a 501-fragile democracy after 18 years of intermittent military rule. Indeed, his release had been a key issue in the formation of an anti-Febres Cordero alliance following national elections last June that gave the opposition coalition a majority of 46 in the 73-member National Congress. But even after the congress voted an amnesty for Vargas last September, the president refused to honor it. He said that by leading the rebellion, the congressman was guilty of military offenses outside congressional jurisdiction.

The bloody incident on Jan. 16 prompted a unified cry for democratic freedom. Ecuador only returned to democratic rule in 1979, after 18 years of military dictatorship. But while Petacherra described the kidnapping as "intolerable and painful," he added, "Democracy will come out of it all right." For his part, Vargas Cordero pledged no retribution. "I guarantee," he said in a television interview, "that my government will not take any disciplinary measures against those armed elements that took part in this action." For the time being, at least, life in Ecuador returned to normal.

—KEVIN SCANDLON with correspondence reports

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THE EPIC STRUGGLE

COVER

Saturday morning shopping trips to the local Canadian Tire store for anything from car batteries to fishing rods have been a ritual for many Canadians for decades. It is a tradition that has set own distinctive stamp: the blue, green and pink "family-groomer" greeters respond to the customer in polite compartments, kitchen cupboards and purses—and are even welcomed for more hardware. But in recent months the Canadian Tire Corporation Ltd. (CNC) itself became the object of a shopping expedition that involves millions of dollars in real money. The venture by 348 owner-operators of Canadian Tire retail stores to buy control of the parent wholesaler at issue began in little as a mid-afternoon sale day in the stores they ran. The struggle for the firm since last April has featured angry resistance from confounding patriarch A.J. Billes—and from 13,819 surviving CNC shareholders—in a move by 94-year-old A.J.'s rebellious children to sell off the family merchandising empire. Then, last week, the Ontario and Quebec securities commissions ruled against the dealer takeover. Said the senior Billes: "Thank God! You bet I am happy!"

Strung: The three adult Billes children, who control CNC's voting stock, and the dealers attempting to take control were left in an unappetizing situation. Although Alfred, David and Marsha Gardner Billes together had received \$36 million in a non-refundable down payment from the dealers, they had stood to receive \$270 million in all. Alfred and David were expected to join in appeals against the securities ruling in Ontario and Quebec courts. Their net move was uncertain. The ruling opened the possibility of rival takeover bids. But while the Billes children and the dealers were stung by the ruling, representatives of the 13,819 owners of surviving CNA CFC shares were jubilant. Their shareholders were to have been divided from any compensation in the takeover.

The decision, said Montreal investment consultant Stephen Janowski, upholds the rights of millions of Canadians who have purchased surviving shares, either directly or through pension funds. Added William Allen, a To-



Alfred W. Billes (top left); Marsha Gardner Billes; David Billes (below left); Canadian Tire store; Alfred J. Billes uncertain future

ronto investment dealer. "The decision has sent a signal that you have to abide by the fundamental rules of business, which are fairness and decency."

For his part, David Billes said that the message from the securities commissions was clear. Added Billes: "We thought it would go through, that we have been told we have to look after the Class A shareholders and the best interests of the corporation."

For the Canadian Tire dealers, whose lawyer, Peter Day, had argued that the marketplace, not the commission, should decide the issue, the outlook remains uncertain. After rumors had speculated that the Billes family wanted to sell its controlling 60.9-per-cent inter-

est in CNC voting shares, the dealers had demanded at their biannual convention last September in Halifax that the family clear up the growing uncertainty. Both Alfred and Marsha assured them that the family shares were definitely not for sale. But behind the scenes a different saga was unfolding. Last April, Alfred had been approached by Horlick McInnes, president of the Toronto-based Carling O'Keefe brewing company, over the possible sale of Al-

fred's CNC shares, which he had offered \$160.94 a share—four times the market price of the shares at the time—for 49 per cent of CNC's 3.4 million common shares. But that plan crumbled the owners of 844 million Class A, nonvoting shares. Spokesmen for those shareholders argued before the minority securities hearing in December that their interests were protected under a company bylaw. The bylaw states that if the majority of the common voting shares are

and in June, 1982, fired its president of 20 years and architect of the White Store plan, Don MacIsaac.

While attempting to sell White, the company also had to fight off a takeover bid from the Montreal-based tobacco and retail conglomerate Imasco Ltd. In the midst of the failed engagement ahead and the takeover fight, two branches of the founding Billes family waged a battle for control of the company, in which A.J. Billes's children were victorious. But despite the turmoil, Canadian Tire continued to expand and posted record sales and profits every year between 1977 and 1985.

Recoil: During that period the company also cemented its position as one of Canada's top retailers. The celebrated firm traces its roots to September, 1922, when brothers John W. and Alfred J. Billes launched the Huxford Tire and Rubber Co. The brothers had pooled their meagre savings of \$1,800 and bought a small garage located on Hurontario Street in central Toronto. Their inventory consisted of a few automobile parts, tires and batteries. At the time there were just 68,000 cars on the streets of Toronto.

Within a year the Billes brothers had moved their store twice, and in 1926 they decided to capitalize further on the growing auto trade. They mailed a merchandise price list to every car owner in the province. And in 1927, so help customers identify with their tread-setting auto-parts business, they renamed the company Canadian Tire Corporation. The brothers wanted the implication of both their management, philosophy and the current auto-to-own chain of outlets in 1934 when they opened their first warehouse store in Etobicoke, Ont. They were not content to simply retail a brick-and-mortar business. The brothers wanted an entrepreneur who would be responsible for all the internal operations of the store while being sensitive to local demand. As a result, it became one of the first firms to introduce the concept of the dealer-owner, who would own both his store and merchandise, although it was purchased from the parent compa-

ny's CNC shares, and several letters were exchanged. Finally, on Oct. 13 the Billes brothers told the dealers that they planned to sell out.

Reports quickly spread in Toronto's financial district that the firm was for sale and, according to testimony before the securities commission, four other offers were soon put forward. Toronto-based CNA Overseas Ltd. proposed to acquire its fast-food restaurants with CNC. Canadian Tire itself proposed a restructuring that would buy out the brothers. And one unidentified bid was made.

But the first major, and apparently acceptable, proposal arose in early December when 348 of Canadian Tire's

acquired, the surviving stocks became voting shares—and in the process could become far more valuable. The securities commissions agreed, and blocked the dealer takeover plan.

Fights: The controversy over Canadian Tire's ownership in the millennium of the most turbulent decade in the company's 60-year history. In 1979 CNC tried to buy 38 per cent of Australia's largest hardware chain, McEvoy's Ltd., but eventually abandoned its quest for control when financial losses mounted. The Australian move was followed by a disastrous foray into the U.S. market in late 1981, when CNC purchased Thousand White Stores Inc. (CNC lost an estimated \$500 million on the venture



Canadian Tire sales shop: Bill Rife, riding left, and family-owned company

By the concept was successful, and by 1993 the family had 115 stores.

But more than just their novel management concept was behind their success. They also displayed a flair for promotional gimmicks. In 1997 clerks on roller skates began serving customers at CTC's main store on Yonge Street in Toronto, and in the 1990s and 1990s one-stop car-washing jobs and Canadian Tire premium coupons were added to the list of consumer draws.

Mix: By September, 1994, the year Canadian Tire first went public with an issue of 200,000 common shares, the company was carrying its own head of auto supplies. That was also the year that CTC made a move and eventually highly lucrative business decision. By diversifying its product line away from automobile accessories and parts to include sporting goods, tools and such household goods as paint, varnishes and stains, the store suddenly became a one-stop hardware store.

Over the next decade company president John W. Rife was able to tell successive annual shareholders' meetings that the new owner was working CTC managed to shake up sales increases of at least 15 per cent annually and generate record profits nearly every year. With more potential owner-

managers wanting to buy into the thriving chain, it grew quickly, and by 1995 there were 145 CTC stores in Ontario and the Maritimes. But tragedy hit the hub-dynasty family in November, 1994, when J.W. Rife died of a heart disease. His younger brother,

By relying on the marketplace



A.J. Rife, who was said by doctors that his heart was in such bad condition that he would likely die within 10 years, took over as company president. He quickly made several remarkable innovations of his own. He introduced a profit-sharing plan under which employees are awarded between 11 per cent and 20 per cent of their annual salary in the form of Class A non-voting shares, leaving the family with voting control.

Big: It was not until 1996 that the family's personal management of CTC finally started to slip. That year Alfred J. Rife announced his resignation as president, but said that he would run the company profit-sharing plan. But a longtime executive who has since departed said that Rife left the presidency for other reasons. He said CTC had gone through a period of stagnation and Rife realized that new management was needed to revitalize the flagging company. But the new chief officer would not be picked from among his three children. Instead he appointed Joseph Dean Munro, then just 32, as his successor.

The son of a CTC dealer in Sault Ste. Marie, Munro began his retailing career as a \$15-a-week stock boy in his father's Canadian Tire store. He later attended the University of Western Ontario in London and Northwestern University in Chicago. After graduating with a master's degree in business administration, he joined Canadian Tire in 1967 as a financial analyst, and by the time he became president of Canadian Tire had grown to 224 stores and annual sales surpassed \$100 million.

Wayed: After more than a decade of rapid expansion and uninterrupted success under Munro, CTC hit a roadblock in 1996. It had run out of growth opportunities in Canada, and the board of directors decided to duplicate Canadian Tire in the United States. After assessing the market, CTC acquired White Stores Inc. of Wichita Falls, Tex., in late 1991 for \$47.8 million. The chain consisted of 80 company-owned stores, located primarily in Texas, and more than 100 dealer-owned outlets scattered across a dozen Southwestern states. Canadian Tire immediately began implementing its retail formula. New advertising campaigns were launched, a catalogue was printed, stores were refurbished and 13,000 new staff added to the product line. By 1994, White Stores had \$10 million, and by 1995 annual sales had escalated to \$16 million.

As sales fell due to stiff competition and poorly located stores, so did Munro's confidence. He was fired by the board just minutes before he sold the company through a merger in June, 1995. The firm had lost \$800 million in White Stores, and it eventually

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sold the chain to Waring Capital Corp. of New Jersey in February, 1986. A J. Billes blames Munster for the U.S. failure. For his part, Munster declined to comment.

Sells: While CTC was losing money in Texas, the company was also racked by the Billes family ownership struggle (page 58). The roots of the conflict were the long-standing policy of maintaining family control which had been diffused through inheritance. A J. Billes gave his shares to his mother and two sisters, who in turn bequeathed them to his children. And J.W. Billes, at the time of his death, left his shares to 25 charities which, in 1983, proposed to sell out. That same year Inoué made a bid to purchase the retail chain. "Canadian Tire was a masterfully managed business," said Inoué chairman and chief executive officer Paul Parré. "The company was 50 years young for its time in taking good merchandise, from suppliers and distributing it through a system that was the most automated in the world." Inoué reportedly offered both common and Class A shareholders the equivalent of \$75 per share—a bid worth \$1.1 billion in all.

But A.J. Billes's children kept CTC in the family's control when they refused to sell their shares. As well, the co-founder convinced the dealers and the employees to side with the family. "The dealers rejected the offer after they were approached by A.J. Billes," says Parré. "He was called into the fray and said to the employees and dealers, 'Let's stop as a family.'" The issue of whether the charities could sell their shares went to the Supreme Court of Ontario, which eventually ruled that the CTC shares in the J.W. Billes estate could be sold. As a result, Alfred Dickson (Dick) Billes, who is now a dealer, sued on behalf against his three cousins for his late father's shares. In October, 1986, the cousins prevailed with a bid exceeding \$76 million, when given them about 61 per cent of the common shares.

With the battle for the J.W. Billes shares resolved and the Inoué takeover bid defeated, the Canadian Tire board decided to amend the company bylaws to protect remaining shareholders in any future takeover. The board adopted a protective measure which has become widely known as the anti-

takeover provision. It stipulates that if an offer is made for all the voting shares, and a majority are tendered, then the remaining shares become voting equity. Anyone making a bid for Canadian Tire would be forced to make an equal bid—following last week's decision—rescuse offer to all shareholders.

Last Oct. 16, CTC announced that Alfred and David Billes wanted to sell their 49-per-cent voting stake. The four offers were made, but in the end only the dealers' offer was seriously considered. The Billes children agreed

would be ousted if the offer went through.

But Varnsworth, N.S. dealer Ernest Schoenhafer said that he and his counterparts across the country unanimously supported the offer. They were concerned individually in late November by estimates of CTC Dealer Holdings seeking support. "At that time nobody had any idea about price," said Schoenhafer. "The dealers have always felt the company would be better under our control." Many were apprehensive about the debt they would run up through the takeover, but they said that the only alternative was to let an outside interest take control. "If an outsider bought it, he would have to liquidate part of the company because the price would be too high to keep it as is," said Schoenhafer.

Rescue: By the end of last week, Canadian Tire's ownership problems were far from resolved. Analysts said that it seemed evident that any future takeover would have to include the negotiating shareholders. That would mean that a successful bid would have to be in the order of Inoué's \$1.1 billion offer for control in 1983. Still, the probability of outstripping the corporate control provision was not deemed a possibility. Within minutes of last week's ruling, the food chain and its still planned to pursue the company. CTC's executive vice-president, Richard Maguire, said that the firm would meet with the company and wanted to meet the Billes family to discuss it.

Despite the uncertainty, former CTC president Munster said that retail sales will not be hurt, but he acknowledged that the company's management could become preoccupied by takeover issues at the expense of efficiency. Said Munster: "They certainly might not get things done as well." David Billes, for one, is already preoccupied with real-estate investments. In the wake of the family's failed bid to sell control of the family firm, and with new partners already lining up, he told Maclean's that his objective now was to consider his options. Said Billes: "I will have to sit down and think it all through."

—DARCY JENKINS with ANA WALLACEY and
CHRISTOPHER TESSIERO in Toronto and
DAVID WALLACE in Montreal



Munster's record sales, a turbulent decade, shareholders' reviews ahead

to tender their shares, but the dealers intended to purchase only 49 per cent of the outstanding common stock. By aiming at 49 per cent, the dealers were trying to avoid triggering the anti-takeover provision at 50 per cent. The proposed deal was an agreement in the investment community because the Billes family was being offered \$160.24 per share, four times the market value, while negotiating shareholders were ignored.

Deal: And the dealers' proposal aroused skepticism among some retail industry analysts for other reasons. Gordon Capital Corp. acted as the agent, for a fee rumored to be in the \$1-million range, and persuaded the dealers to maintain a strict silence about the deal. Montreal analyst Martin Kaufman noted that by offering \$222 million for the Billes holdings, the average dealer would be forced to borrow between \$750,000 and \$800,000. Annual service charges would amount to about \$60,000. Toronto-based retail analyst David McCracken said, "We heard there are 180 dealers who are not even in the deal." However, they were silenced by threats that they

RADIATION-INDUCED BY 1967

A DYNASTY IN TURMOIL

COVER

It was an emotional appeal from a disgruntled father. The three-car, identical letters, personally typed on beige manila paper, expressed the frustration and dissatisfaction of Alfred J. Billes, the 86-year-old co-founder of Canadian Tire Corp. Ltd. (CTC). The letters were hand-delivered last night to each of his children—Alfred Williams, David George and Martha Gardner Billes. The entreaties suggested a final and desperate attempt by Alfred J. Billes, better known as A.J., to convince his children not to relinquish control of the company he helped to found 60 years ago.

That the appeals were delivered in letters underlined the stress on the Billes family tree that has been generated by a month-long power struggle for the giant Canadian retail institution. The pressure was mounting when the family members gathered six weeks ago to A.J.'s North Toronto apartment. That meeting, recounted by the eldest Billes, quickly degenerated into a verbal brawl and ended abruptly when Martha stormed out of the apartment. Since then, with the exception of a few curt words exchanged in the news media, the family members have maintained an icy silence from one another.

Cut: Their dispute hinges on the children's decision to sell their 60.9-per-cent controlling interest in CTC and their father's desperate attempts to keep the firm within the family. The younger Billes decided to cut their links to the \$2-billion hardware and automotive goods firm and sell out to 348 of the independent owner-dealers who run Canadian Tire retail stores. A.J., who first learned about his children's plan through the corporate grievance last fall, says that he is furious with them. During a lengthy interview at his Toronto CTC office, A.J. told Maclean's that his children were not selling for sound financial reasons. Rather, they were attempting to resolve irreconcilable differences be-

tween Alfred and Martha over how CTC should be managed. "I am disappointed," said the family patriarch. "I expected more of them."

A.J. cofounded the company with his older brother, John Williams Billes, in 1925, with \$1,800 in savings. The two men had shared responsibility for the firm since its beginnings as an automobile service garage and

was during that time that the brothers developed what A.J. describes as "a hot-bed reputation" by selling tools and automotive equipment at deep discounts. "We could have made a barrel on these deals," said A.J. "But we felt that a normal profit was all we wanted. It wasn't because we wanted to be good guys but because it was long overdue."



A disillusioned A.J. Billes; right: CTC products "no right to take the money and run"

parts store on Hamilton Street in Toronto. John Williams was the financial brains behind the company, then known as Hamilton Tire and Rubber Co. As his crisscross career shows the store, John Williams often worked until late at night while the younger A.J. worked in the garage below. By the time the company was incorporated as CTC in 1927, A.J. said, "We were really quite wealthy. But we were greedy."

That greed fueled the Billes's expansion. They moved to nearby Hamilton during the 1930s Depression. It

But perhaps the main reason for the Billes brothers' success was the trust and respect they developed from the company's owner-dealers. Dealer Arnold Leach, who with 40 years experience is CTC's longest-serving store operator, told Maclean's that John Williams signed a \$10,000 promissory note for him to help raise the initial capital for his dealership in Amherst, N.S. Said Leach: "We were never intimate, although I had an awful lot of respect for them."

Although the brothers maintained

good relations with the dealers, relations within their families have often been antagonistic during the 30 years since John Williams' death in 1966. Although John Williams bequeathed his CTC stock to a trust that was established to benefit a group of 23 Toronto-based charities, his son, Alfred Dickson, scorned his father's voting rights and assumed that he would inherit the company eventually. And A.J. alleges that while he was away on a vacation in the Caribbean following his brother's death, his nephew tried to impose his will on the company by acting as president. The two men conducted several talks in a stormy meeting which ended with the firm split.

John Dickson, now 58 and a Canadian Tire store owner in Scarborough, Ont.—leaving the company. But Alfred Dickson told Maclean's that he was vice-president of the company and was supposed to fill in when A.J. was unavailable. He left the company in early 1961, he explained, because "I just got fed-up with [A.J.]."

Lead: The next 10 years were prosperous for the company but physically debilitating for A.J. During that time, CTC expanded into Quebec while solidifying its dominant position in Ontario's automotive parts industry. But as the company expanded, the burden of A.J.'s family commitments proved to be overwhelming. He and his brother had been supporting three mother and three sisters after their father died in 1953. After 1956 that burden fell squarely on A.J.'s shoulders, and at the same time he was also providing for his three children and his first wife, Marie. But the load grew too heavy and he stepped down as company president in 1960. A.J. passed the reins of power to David Muncey, the son of a Scarborough CTC dealer, who was then vice-president. During Muncey's tenure as president, CTC continued to reap handsome profits in Canada. But he spearheaded a massive expansion effort into Australia and New Zealand, eventually dismissed from his post in June 1985.

Influence: Still, even after Muncey's departure, A.J. did not return. But the Billes children—who in 1963 inherited what had been their father's 30-per-cent interest in the company from his mother and his two sisters—now began to exert their



influence. A.J. had given the shares to his mother and two of his sisters who had no other source of income so that they could live off the earnings. When they died, the shares were bequeathed to Alfred, David and Marie. But, said A.J., "those shares were never given to them to cash in but to run the business. They have no right to take the money and run."



While industry analysts said that they thought A.J.'s influence over the company had waned, he dramatically reasserted himself during a takeover bid by Montreal-based Imasco Ltd. in 1983. At the time, he mounted a defense to ward off the \$1.3-billion offer for the charity shares. He brought the family together and convinced them not to sell out to Imasco.

Still, the dispute about the future of the Toronto-based retail giant's holdings in the U.S. and the Ontario and Quebec securities commissions blocked the deal to buy control of the company. A.J. said that despite the rebuff from the commissions—and his letters to the U.S. SEC—he did not lose hope that they will change their minds about selling control of the family firm eventually. Said a ruffled A.J.: "Legally they have the right to sell, but morally they do not."



A former Imasco executive told Maclean's that the co-founder played a pivotal role in the deal. "The deal's got enough weight to his importance," the former executive said. "He wanted control to stay in the Billes family and he didn't want any of his kids participating in the Imasco offer."

Also in 1983, the children increased their CTC voting-stock interest to almost 61 per cent when they purchased their late uncle's charitable bequest—also inherited by the charities—by controlling their votes. Alfred Dickson, after that A.J.'s three children played varying and sometimes conflicting roles in the company. The eldest, Alfred Williams, also owns CTC's flagship store, Toronto's Young Street. Martha lives in Calgary with her husband and son and is the president of Affinity Management Inc., an investment holding company. David lives in Barrie, Ont. north of Toronto, with his wife and three children and is the president of Performance Engineering Ltd. in that city.

Despite their divergent interests, A.J. blames much of the current problems on personality conflicts among his children. He said that Martha, whom he referred to as an "always being a little red-headed devil," was late ideas about the way she wants the company to be run. He added that Alfred Williams thought that he is the most experienced because he has been involved with CTC as a manager and dealer. According to A.J., David is somewhere in the middle, and last in the past preferred to dodge the management disputes. Said A.J.: "This business doesn't interest him one bit."

Still, the dispute about the future of the Toronto-based retail giant's holdings in the U.S. and the Ontario and Quebec securities commissions blocked the deal to buy control of the company. A.J. said that despite the rebuff from the commissions—and his letters to the U.S. SEC—he did not lose hope that they will change their minds about selling control of the family firm eventually. Said a ruffled A.J.: "Legally they have the right to sell, but morally they do not."

—THELMA TROTSKY in Toronto

Stakes in metropolitan power

Federal Finance Minister Michael Wilson is known for his attachment to Toronto, the city where he was born, schooled and made his mark in the financial community. But even he could not have predicted the rancor that ensued when he excluded

establishment of an international banking centre in Montreal is in a list of proposed regional development benefits for Montreal that the cabinet committee reviewed last November from a Montreal coalition group. Ontario Premier David Peterson

inght world financial centre. Discontinuation by its own government would be disastrous." Others say it makes little sense, considering the extensive office of three of the Big Five Canadian banks are in Toronto, and 44 of 55 foreign banks operating in Canada have their head offices in Toronto.

But jobs are the heart of the issue. As part of its battle to persuade Wilson to reverse his plans, Mayor Robison released a study last September concluding that Toronto, where the financial industry employs 13,000, would lose at least 700 jobs under the Wilson plan.

For his part, R.C. Finance Minister Wilson claimed that becoming an international banking centre is one way of broadening his province's industrial base. He told Montreal's "Canada's headquarter" does not end at Ontario. "We are Canadian too." Mayoral officials took pains to please Toronto, saying that it is not their intention to steal business from a neighbor. Alex Harper, executive vice-president of the Montreal Board of Trade, pointed out that Quebec already has legislation in place to exempt offices set up in Montreal for international finance business from provincial corporate income tax and capital tax.

The final effect of the proposal is still unclear. Wilson sent federal officials to Toronto last week to pacify the angry city. But he explained that the international banking centre was a symbol of prestige and would not lead to a transfer of jobs. Indeed, the Ontario government is considering legislation of its own to reduce or eliminate provincial corporate tax to offset the effect of the federal legislation. But Peterson predicted that there would be a price to pay for forgetting Toronto.

He is charged that the federal government's "arrogant, worst kind of political motivation that should not be unpunished" by Ontario voters.

—SHERI ALLENHEAD with
NATHANIEL ORFAN in Oshawa



Opponent: Wilson (below), critic of internationalization from Canada's richest city

his home town is a plan to develop two Canadian cities as international banking centres. In last February's budget, he announced that certain international banking activities would receive unspecified tax concessions as long as the banks carried them out in Montreal or Vancouver. The plan was designed to lure bank business from such Caribbean tax havens as the Cayman Islands and Panama. Then, after months of protests and pressure by Toronto and Ontario politicians and Bay Street businessmen, Wilson confirmed that he would not bestow an international banking title on the country's major financial centre Toronto Mayor Arthur Eggleston assailed the decision as a threat to national unity and vowed, "I am going to fight this tooth and nail."

The idea of international banking centres first emerged at a 1981 economic summit sponsored by the Quebec government on the future of Montreal. At the time, the federal Liberal government considered the idea but rejected it. Conservative Prime Minister Brian Mulroney revived the idea when he appointed a special 30-member federal cabinet committee on Montreal development in December, 1985. The

charged that the move was based on a "greater political goal to be gained elsewhere." His protest may have worked. Rumors circulating in Ottawa by week's end suggested that Wilson had, at least temporarily, backed away from the proposal.

Under Wilson's plan, Canadian and foreign banks are expected to get tax breaks on profit, interest and capital gains that they would normally pay as international loans and deposits. The government is hoping that the tax incentives would draw international finance to the two cities.

But critics of the plan argue that excluding Canada's wealthiest city will send a "mixed message" to the international financial community, where Toronto already has a reputation as the country's money capital. Solid Richard Thompson, chairman of the Toronto Dominion Bank, in a Telus interview is difficult enough for a Canadian city to achieve the status of a mean-



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High adventure in the bank trade

By Peter C. Newman

As dramatic meetings in Vancouver next week, a handful of men of the Bank of British Columbia will be voting on whether or not to accept somewhere between 60 cents and \$1 for shares on which they bought for as much as \$22. And no one attending that dramatic meeting—a thick-folowed but much-hatted affair—the bank by Hong Kong interests—will be more interested in the outcome than Edgar Kasser Jr., its former chairman and one of its largest shareholders. Kasser stands to lose not only more than \$7 million cash but his reputation as one of the West Coast's most successful entrepreneurs.

"I do believe," he told me, "that the sale was the best solution possible for the branches, the customers, the employees—for everyone but the common stockholders. But if you believe, as I do, that there was a genuine need to have a bank based in Western Canada, then the outcome is very, very sad."

Kasser, who belongs to one of the reigning American business dynasties, took out his Canadian citizenship in 1980 and five years later was the surprise choice to head the B.C. bank, branch of the then-governor W.A.C. Bennett and established in 2003. When Kasser took over, the institution was suffering from serious internal squabbles with its chairman and president communicating only through messes, as well as the fallout of the recession that was draining its treasury by a net outflow of about \$10 million a month. Independent experts are bullish that it was within three weeks of collapse because, unlike most Canadian banks, which are leveraged 20 or 25 to 1, its loans/assets ratio was two or three times as high.

Kasser moved in like a tank, writing off most of the bad loans in one swoop by refitting them to the Savings Plan in Calgary at a discounted rate—with Ottawa's permission for such an unorthodox bailout tactic. To get some equity flowing into the bank again in a hurry, he did not wait to get through the long and cumbersome process of selling a public issue. Instead, he got on the phone and in 30 days had convinced moneyed friends to invest \$22 million (at 60 cents for treasury shares) and bought 31 million shares himself. This move, he says, cost him about \$20 million public money, with Kasser acquiring another 300,000 shares.

Within three months the bank was in the black, its more than 20,000 shareholders were a huge lot, and many Pacific-coast customers responded with a vote of confidence by leaving their funds on deposit with the bank. The path from that temporary euphoria to straight down, and much of it was due to plain bad luck. "For everything in life," says Kasser, "you need a little bit of luck, and we just didn't get it. Nobody could have projected the



Kasser: the outcome is very, very sad

bankruptcy of the Canadian Commercial and Northern bank and especially the way they were handled. That really hit us. That and the interest debate that began on the future of the smaller banks, which eventually turned off our interbank funding. No one could have predicted the bacon falling out of all prices, which affected so many of our customers, the decline in the value of the Canadian dollar and the subsequent rise in interest-rate spreads. It was all these factors com-

pounding at once that really hurt us."

The final blow, according to Kasser, came when he was desperately looking for some solid endorsement from the western provinces by having them commit token funds to his bank, and everyone agreed it was a great idea, but not one of them actually did it. "If British Columbia had declared, 'Okay, this is a local bank, we're buying five per cent of the equity'—that would have been it. All the sensitive speculations would have stopped."

"Also," said Kasser, "we needed the confidence of Bay Street and particularly the Big Five banks, and because I knew I could not be accepted as a member of the club, we hired some of the best bankers available. Dale Parker of the Montreal as our president and George Hare of the Scotia as our vice-chairman. With two of their own fees, I expected more support, but it was never forthcoming."

The harassment of the Big Five was never very subtle. A \$50,000 letter of credit drawn on the Bank of British Columbia was conspicuously not honored, and when inspectors brought in by the Big Five gave the B.C. bank a class A-1 of financial health after the Canadian Commercial Bank failed, not one of them made that fact known publicly. "It was not any decline in our moral base but the difficulties we had in establishing funding that caused our heady problems," said Kasser. "Then and some large loans that turned sour, particularly the \$100 million divided between Peter Paul Industries (falsifying Veritalk Corp. and Pangaea Inc.) and Calgary-based loans combined with the exaggerated report on CIBC to about the bank's problems made the situation unresolvable, and Kasser was forced to look for buyers."

The low point in those negotiations came during a session with Federal Reserve Governor Stanley Fischer. Fischer, who, according to a witness at the meeting, kissed to Kasser and thanked him with the remark, "You're a rich American, why don't you just get more money in the bank?"

And there is one other point. As the sale of the bank neared, I asked Kasser, "Wouldn't it have been better for Ottawa to grant that \$200 million it gave to the Bank of Hongkong to the Bank of British Columbia, which would have been enough to save it?"

"No," he said. "I asked Kasser, 'What's not a trace of Kasser in his voice, who says that?'"



Denver kicker Karlis beats the Browns' Seiler (below) \$1,400 for photo rights

SPORTS

Super Bowl countdown

In a long-standing ritual, Toronto scribe/producer Richard Klugebaum, 34, and a dozen of his friends will enter at 8:15 each later this week to visit a statue in a midtown Toronto hotel. The contest that occasions the party often has been a disappointment. But for millions of sports fans across North America, Klugebaum and friends will spend the evening cheering or jeering at the nation's two television arenas, willing participants in the excitement of U.S. pro football's Super Bowl.

The 32nd Super Bowl game, live from the 100,000-seat Rose Bowl in Pasadena, Calif., on Jan. 12, will feature the Denver Broncos, winners of the National Football League's American conference, and the New York Giants, National conference champions. The Giants, with an impressive 14-0 season record under coach Bill Parcells, clinched their Super Bowl berth in a 17-0 playoff victory over the Washington Redskins on Dec. 12 in a cold and wind-whipped Giants Stadium at

the Meadowlands in New Jersey. The same day the Browns, 10-5 for the season, beat the Cleveland Browns 25-10 after a dramatic 96-yard touchdown drive late in regulation they tied the game, and backup kicker Rick Upchurch's 33-yard overtime field goal clinched it. The Giants' win, the 11th straight, was the team's first consecutive title since 1951. But the victory promptly

switched off a tangle of a different kind. Despite the team's success, the Giants have played in New Jersey's Meadowlands sports complex since they abandoned their roots in Manhattan in 1976.

That decision prompted New York City Mayor Ed Koch to announce that there would be no traditional ticker-tape parade for the Giants if they won in Pasadena. Angry Giants fans re-

sponded with a barrage of criticism. But an exasperated Koch struck back. "I don't think that the City of New York should, at times of hard hardship, spend \$700,000 for a team that is not located in the City of New York," Koch declared. "It's located in New Jersey. It's a New Jersey team."

In the end, despite an offer from American Express to pay \$700,000 to cover cheap seats for a New York parade, the Giants announced that the celebration would be held in New Jersey. Said the official announcement: "Giants Stadium is our home and the perfect spot for a celebration."

The Giants, favored by some pundits, are by their aggressive game plan, quarterback Bill Starnes, and inspired by their trade linebacker, Lawrence Taylor. This year Taylor became the first defensive player ever to receive the most valuable player award. Starnes and the famed "Dawg" defensive end star the Browns' flashy wide receiver, Mark Jackson, and their remarkable quarterback, John Elway.

The graceful and acrobatic Elway was hailed as the greatest quarterback prospect in the history of professional football when he joined the team as a rookie in 1983. Although his tenure with the Browns has been unimpressive, he has clearly captured the imagination of Denver's fans. According to estimates, more than 80 per cent of all television viewers at the city watched Elway mastermind the elimination of the troubled Browns.

Despite the annual Super Bowl hoopla, the actual games have often been one-sided and anticlimactic. But that possibility has little effect on fans. Thousands of fans are expected to witness the contest in Pasadena at almost any cost. Agents in California, Colorado and New York reported last week that tickets for the game, which officially sell for \$75 (U.S.), were commanding as much as \$100 for an end-of-the-world seat and more than \$1,500 for a chance to sit on the 50-yard line.

For Richard Klugebaum, the outcome of the game is less important than the social event it triggers. "Despite all the hoopla, it's the social event that counts," he said.

"The Super Bowl is a nice way to end the season. And it could even be a threat game." Last year Nielsen ratings showed that more than 100 million Americans agreed with him—not counting those who, like Klugebaum, tuned in the game on a U.S. station.



—ANIMATION with our cartooning reports

Twilight of the dons

For 10 weeks organized crime leaders sat and listened as the details of their mysterious assassination—the Mafia—were exposed in a New York City courtroom. And last week U.S. District Court Judge Richard Owen handed down stiff sentences for eight key bosses from five of the city's most powerful Mafia families. That conviction capped six years of investigation by 376 Federal Bureau of In-

vestigation members were linked to conspiracy to commit murder and to the extortion of \$600,000 from New York City concrete contractors.

Sentenced to 100 years' imprisonment each were Genovese family boss Anthony (Pat Tony) Salerno, 74, Lucchese boss Anthony (Tony Ducks) Corallo, 72, his underboss, Salvatore (Tom Moe) Sclafani, 72, Lucchese consigliere Christopher (Christie Turk) Parnano,

detected by that bug, law enforcement officials known as Corallo discussed with his chauffeur, businessman Salvatore Amato Jr., how Mafia members who dealt with drugs "spoke his kind." Otherwise, he said, they would attract unnecessary attention to the organization. Declared Corallo: "You can't be in the junk business without going in the f---ing streets and selling that shit. We should sell them. We should have examples." With Lucchese pleased from those tapes, federal agents were able to infiltrate the organization by arresting Mafia-linked drug dealers. They, in turn, firing hot punishment for being caught, agreed to act as informants.

As a result, prosecutors were able to build a strong case against the convicted mobsters. Early in the process, informants discussed the structure of the Commission and its rules, and in one taped conversation between Genovese family boss Salerno and an associate, Salerno said, "Tell him the Commission from New York—tell him he's dealing with the big boys now." In addition, two concrete-pouring company owners testified that they had made payoffs of up to \$450,000 to win major construction contracts in the exterior operations. Reppo, a former president of the District Council of Cement and Concrete Workers Union, played a key role. He admitted that he had accepted the payoffs but



Perasso (left), Corallo, Sclafani "tell him he's dealing with the big boys now"

violation (PH) agents and local police, who collected information through electronic eavesdropping devices. The objective was to build a case against the Mafia's board of directors known as "The Commission," a high command of crime responsible for overseeing and authorizing such activities as murder, loan-sharking, labor payoffs and extortion. In five of the 10 cases, Owen said, the defendants faced fines of \$54 million and forfeiture prices to estimate totaling 74 years. Owen said that he was also sending a warning to future crime bosses: "The judge 'The sentence has to be followed to speak to them.'"

Twenty years ago such an attack on an organization that has been both feared and respected could not have achieved success. But in 1979 a U.S. statute created the Racketeer-Influenced and Corrupt-Organization Act (RICO) widened federal prosecutors' powers to bring conspiracy charges against underworld figures—and freed law enforcement officials from relying heavily on witnesses who were vulnerable to Mafia retaliation. Through 1983, all eight

62 Colombo boss Carmine (Junior) Persico, 68, his underboss, Giovanni (Gussy Long) Longo, 47, and Corallo's family member Ralph Reppo, 38. Also sentenced was Anthony (Bruno) Indelicato, sentenced to 40 years' imprisonment for participating in the 1978 murder of Bonanno family boss Carmine Galante. The original indictments laid on Feb. 26, 1983, also included charges against Paul Castellano, a Gambino family boss who was murdered nine months later.

Some police officials say that these sentences were achieved largely because of the evidence gathered through sophisticated technology. For one thing, PH agents obtained court orders for numerous telephone taps of known mob members' homes—and for the use of listening devices. In one incident in 1983, agents spent 30 minutes installing a device under the dashboard of a black Jaguar belonging to Lucchese boss Corallo—known as "Tony Ducks" for his propensity in making telephone calls. It was tape-recorded conversation

derived the extortion charge. According to a 1986 report released by the U.S. President's Commission on Organized Crime, the Mafia's illegal activities generated between \$5.7 billion and \$14.6 billion in yearly revenue. As in New York City, where the Mafia conducts about half of its illegal activities, crime-fighting officials say that they are pleased that the underworld bosses received exceptionally stiff sentences. But the officials are less sure of the removal of a few leaders will cause long-term damage to organized crime. U.S. prosecutor Michael Cherullo, one of the trial attorneys, told *Newsweek* last week: "It will take these people out of action and remove the core of experience and expertise of crime, but it's not going to stop the Mafia." Still, officials say they hope that the sentences will send a clear message to successors of the convicted crime bosses: they too are vulnerable to prosecution.

—NORA UNDERHILL in Toronto

Serenity on a scrap heap of dreams

In 1967 Toronto industrialist John Gower received a letter from American John D. Meyer, Jr., of the U.S. National Aeronautics and Space Administration (NASA), asking advice on building a vehicle that could travel on the moon. Meyer, chief of NASA's Lunar Program Office, had seen Gower's extraordinary Jupiter (pronounced Jigger) at the Huntington Beach Show and was intrigued by the stretched wheel's light weight and go-anywhere mobility. Elated by the letter, Gower made JTT open, one for each employee of his company, Jiger Corp. Ltd. "Just think," he recalled recently, "NASA wanted to send a little company like ours to the moon."

But Gower never achieved corporate success—and the Jiger did not make it to the moon. Instead Gower lost control of Jiger Corp. in 1968, and his career steadily declined. Through the past year, in fact, what he calls his office has consisted of a few square yards of asphalt behind a suburban Toronto factory. There, close to a busy highway, the 61-year-old Gower has slept in a rented 1967 Ford Mustang pickup truck with papers and workbooks by a disorderly pile of Jiger balls and parts.

During his stay he ignored creation notions from the provincial Ministry of Transportation and Communications, which own the property. Finally, frustrated military officials filed trespassing charges against Gower last week and hired a moving company to clear his belongings from the site. But one day after a justice of the peace ordered him to appear in court on the trespassing charges sent weeks the midpoints in December, returned to the same ignored yard. Declared Gower: "I have lived in an office for 19 years. Why would I stop?" Police responded by removing him and laying a second trespassing charge.

Police and military officials say that they are acting in Gower's best interests. They argue that he could have died in the Mustang—from the cold or a fire caused by a malfunctioning electric heater. That portable heater—Gower's only source of warmth—is connected by an extension cord to an outdoor power supply of a nearby factory building. The Metro Toronto Housing Authority offered him accommodation in a local senior citizens' home—as often Gower has requested, saying that he prefers his independence.

After his second arrest, an unknown and disheveled Gower left the police station—and immediately delivered a

grandiose vision of his future to reporters waiting outside. Declared Gower: "As you know, General Motors is losing ground fast. Soon it will be just another small company. Somebody has to build tomorrow's car. So we are now forming the next GM—Gower Motors."

Gower's implausible dreams are backed by a record of solid achieve-

ment. The company was actually making stainless frames for prototype space vehicles to show NASA, when the firm's bank failed in a \$50,000 loan and forced it into receivership. Said Gower: "John's life's dream went down the drain. Now he is so bitter right through and through. After about everything."

By week's end, Gower accepted an in-



Gower sold active research, neighborhood vision and one year of living in a car

ment. The Jiger was a pioneering machine. With an driving wheels and a front end only 10 inches, it could conquer rough terrain, ramps and snow—and even cross open water. Among its innovations were the ultra-low pressure (one pound per square inch) balloon tires that Gower invented. Similar tires are now used on Japanese all-terrain vehicles (ATVs). But Gower describes these machines as over-engineered and describes them as "99% non-terrain vehicles."

The Jiger Corp. made 15,000 vehicles between 1962 and 1968, mostly for hunters. Motors on the Jiger assembly line were white glows, and Gower himself "dressed him a fashion model," according to his former chief engineer, Friedrich Rohrer, 58, and that

visionaries to relocate his office on the back lot of a house and plan finishing factory. Said Gower: "I had 30 months' worth of his previous camping grounds. Then, to replace the impounded Mustang, Gower bought a white Ford Galaxie of similar vintage for \$30 and had it towed to the site. Within hours the car was filled with his papers. At the same time he also collected the remainder of his Jiger sales, including a prototype he and Rohrer made by hand in 1966. Released, with company-supplied electricity and a hot place, Gower is ready to continue his unusual way of living. Said Gower, two-and-a-half years and the father of "I live where I please, and I sweat as I go."

—JOHN ELLERRE in Toronto

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WEATHER

Winter's bitter changes



Resisting Soviet skiers: blaste in Enns and a hairy break for Calgaryans

The brutal winter storms struck with little warning. Sweeping across Western Europe and the Soviet Union last week, chilling winds and snow caused casualties and power failures, paralyzed transport and left more than 200 people dead. To cope with the killing cold, two metro stations in Paris remained open overnight to shelter some of the city's homeless. In Switzerland and Austria, helplessness offered supplies to stranded hikers. Near Moscow, rats cracked in -40°C temperatures and frozen trees which shattered. But in much of Canada, unseasonably warm weather had the opposite effect. Temperatures in Calgary reached a balmy 17°C, setting the scene. Morning as residents stroked in their shortsleeves. In the Yukon some lakes remained free of ice. And as frozen Europe started to dig itself out and patted Calgaryans behind the sun, climatologists offered explanations for the odd extremes.

The masses howled over the Arctic and Moscow. Three vertices, which are giant spinning air masses, were spun out, instantly cold air. And they were blasting Europe, while leaving most of Canada alone—with the exception of the Atlantic provinces, where they delivered severe storms. In New-

foundland a blizzard dumped 10 to 20 cm of snow on the province, and winds blew three tractor trailers off the Trans-Canada Highway. The pushout of the vertices in the Arctic helped create an open gateway for westerly winds to cross Canada. Those winds picked up unseasonably warm air because of a phenomenon called El Niño (Spanish for "the infant," or Christ Child), because when it occurs—every two to seven years—it happens in late December), a mysterious temperature increase of about 2°C in the equatorial waters of the Pacific Ocean. For Canadians from the west coast to Montreal, the warmer winds meant unseasonably mild temperatures. But a high-pressure ridge between British Columbia and Alberta heightened the effect in Calgary. Said Adam Collett, a climate-prediction meteorologist at the Canadian Climate Centre in Toronto: "All the systems played like a kind of bucket brigade, passing warm air into Calgary."

Meanwhile, the harsh conditions in Europe were also due to the pressure of a third vortex centred over Moscow. Air usually flows across Europe from the west, but the vortex pushed up and out from the North Pole and sent it on a north-south course, brushing England and central Europe before

barrier went into the Soviet Union. Last week's extremes prompted the world's weather is slowly recovering. But many climatologists and records show that one of the main characteristics of weather is its variability and extremes. Said Kevin Trenberth, an atmospheric scientist at the U.S. National Center for Atmospheric Research in Boulder, Colo. "The weather is always worse when you are looking at it—it's human psychology."

Still, many scientists say that they are concerned about two long-term trends that may have drastic effects on the weather. They have documented that in the past 100 years the average temperature of the atmosphere has risen by between 0.5°C and 0.7°C. One theory, known as the greenhouse effect, is that carbon dioxide emitted from such sources is trapping heat from the sun's radiation from the world's surface and redirecting it back to earth, gradually raising the global temperature. On the other hand, radiation from the sun has decreased by 0.1 per cent since 1960—but reasons that experts say they cannot explain. If the sun's output continues to weaken to the point where it drops by one per cent, the earth would almost certainly become colder.

As climatologists monitored changes in the atmosphere last week, animals and people on both sides of the Atlantic coped with—or enjoyed—what was happening on the ground. Doctors in Norway advised against drinking anything but right after coming in from -35°C temperatures, as wind cracking teeth exposed. Double-breasted coats were donned for fish in Calgary's Bow River—normally frozen in January—but also keepers in Hannover, West Germany, where the temperature dropped to -25°C, attempted to keep animals from licking the bars of their cages and freezing their tongues to the metal. And in London the frozen cheeks of Big Ben, the famous clock that booms out the time every quarter hour, could manage only a series of stifled "clunks" that not everyone heard the weather barometer—in Venice skiers took advantage of the snow to frolic in the Piazza San Marco.

For their part, most climatologists say they are hopeful that within 30 years they will be able to predict the general character of a season as its onset. Even now, with more sophisticated computers and detailed information from satellites, right-day forecasts are reasonably accurate. But for millions of Europeans caught in last week's devastating storms, what little warning there was came too late.

—ANNE SELBY with correspondence reports

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A battle of ethics, money and blood

Her mother calls her Sara, her father has named her Melissa, but to a New Jersey court trying to determine her future, the 18-month-old baby is known simply as Baby M. The blond-haired, blue-eyed girl has a distinctive not shared by most children at the center of bitter custody battles. For one thing, her birth resulted from a business agreement between Mary Beth Whitehead, now a 38-year-old married housewife, and 43-year-old biochemist William Stern in 1985. Whitehead agreed to conceive—through artificial insemination—and carry Stern's child in return for a \$10,000 fee. But shortly after the infant was born on March 27, 1986, the mother changed her mind, refused the money and decided to keep the baby. As a result, Stern is now fighting for permanent custody of Baby M. And in a case that has attracted worldwide attention, lawyers have asked New Jersey Superior Court Judge Harvey Swack to enforce the contract signed by the surrogate mother.



Baby M and her father: A legal test of surrogate motherhood contracts

Surrogate motherhood itself is not new—the Bible's Book of Genesis notes that when Abraham's wife, Sarah, was unable to conceive, she told him to visit her handmaiden, Hagar. But the mounting courtroom drama in New Jersey has attracted attention because of the thirty legal and ethical issues that accompany the growing reliance of artificially assisted conception. Noel Keane, a Dearborn, Mich., lawyer who brought Stern and Whitehead together, has followed interest in the practice during the past 10 years. Indeed, he estimates that for his standard \$15,000 fee he has helped arrange 144 of the estimated 500 U.S. and Canadian surrogate births that have occurred during that period. But there are no laws in Canada and the United States explicitly banning—or permitting—surrogate motherhood, and the Baby M case is one of the first to test those agreements in court.

Keane is familiar with controversy. He arranged a contract between a Florida woman and a Toronto-area man, the attorney Canada wife, in 1982. The Ontario government said that the father's proposed \$10,000 payment to the woman was illegal on the grounds that it amounted to the sale of a child. The father later won permanent custody of his son. The provincial government then asked the Ontario

without such legislation, a custody battle similar to the one in New Jersey could occur anywhere in Canada.

Keane and other proponents of surrogate births say that the system is an excellent way for infertile married couples to still have children. But officials of the Birmingham, Ala.-based American Fertility Society, for one, have expressed concerns about the effects of surrogate motherhood on the woman's own family.

Many of the society's 20,000 members are specialists in human reproduction techniques. And when Norbelle, Pa., gynecologist Dr. Howard Jones denounced a report on ethical guidelines to govern such new procedures at a society meeting in Toronto last October, he said that scientists still lacked crucial information on surrogate pregnancies. For one thing, Jones noted that researchers have not yet determined if an emotional bond develops between a surrogate mother and her unborn child. Stud Jones: "If we are to have surrogate motherhood, it should be conducted under supervision to determine if it is an acceptable process."

Still, Judge Swack does not have time to wait for a considered scientific opinion on the technique even though the trial is likely to last

for several months. Clearly he will need to summon compassion and wisdom for a ruling that will likely cause heartache to one of Baby M's natural parents. She is currently in her father's custody, but a preliminary court investigation has stated that both couples—Stern and his 41-year-old pediatrician wife, Elizabeth, and Whitehead and her husband, Richard, a 37-year-old garbage collector—would make excellent parents. And with both sides pledged to appeal an unfavorable decision, the little girl is likely to spend her first weeks before she leaves her last home.

—MALCOLM GLAD, with correspondence from Toronto

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Fear and loathing at *The New Yorker*

The first issue of *The New Yorker* magazine appeared in February, 1925, and the cover depicted Rube Wiles, a dandy with a monocle and top hat—a figure that has since become its trademark. With only two editors in its 50-year history, the editorial weekly quickly gained a reputation as one of the most stable literary magazines in North America, seeking out and fostering a stable of talented writers, including J.D. Salinger, author of the 1951 novel of youthful angst, *Catcher in the Rye*. The magazine has also published many lengthy articles that later became noteworthy books, among them Truman Capote's 1966 epic reconstruction of brutal murders in Kansas, *Jeopardy*. But last week *The New Yorker* itself was embroiled in controversy as its staff staged a victory—and public—outlet over the chance of a new editor.

The incident began on Jan. 12, when Samuel J. Newhouse Jr. visited *The New Yorker*'s publishing offices on Manhattan's West 43rd Street. Newhouse's family owns a media empire of more than 25 publications.

But, in addition to *The New Yorker*, which includes such well-known U.S. publications as *Nogay* and *Harper's*. Last week, according to *New Yorker* insiders, Newhouse lured 35-year-old William Shawn, the magazine's editor for 30 years, a one-page letter. His contents Shawn would never to say that he had decided to retire, in addition he would announce that his successor would be Robert Gottlieb, 50, president and editor-in-chief of Alfred A. Knopf, the family's New York publishing house.

Newhouse's action stunned the magazine's tightly knit staff, which had assumed that Shawn's chosen successor would be Charles McGrath, the magazine's senior editor and deputy editor. More than 100 of the magazine's editorial employees gathered in a hallway one day after Newhouse delivered his letter. There, according to those present, Shawn told the meeting that his retirement was involuntary. Later six employees agreed to draft a letter to Gottlieb asking him to refuse Newhouse's job offer. By day's end, 154 employees and

writers, including the reclusive Salinger, had signed the letter, which had been duly checked for accuracy by the magazine's public research department.

Newhouse and Gottlieb received hand-delivered copies of the letter late that evening, and Shawn, layabouts, branded some organizations such as the contents. Newhouse, Gottlieb, himself a respected editor who has worked with such established writers as associates V.S. Naipaul and John le Carré, responded to the controversy by meeting

take their medicine and Gottlieb's going to make them out their articles."

Indeed, when the *Newhouse* bought *The New Yorker* in 1980 for about \$300 million, they immediately set out to show up its sagging fortunes. Under godson and publisher Steven Flood, the magazine has reversed a gradual decline to circulation—in part by advertising the magazine on television. As a result, *The New Yorker*'s circulation is now 370,000 copies per week (including 140,000 in Canada), up from 580,000



Gottlieb, a stunned reaction and 154 signatures—including the reclusive J.D. Salinger's

Shawn at Manhattan's famed Algonquin Hotel. There, at Shawn's request, table in the Rose Room, Gottlieb handed over his reply—a letter stating that Gottlieb would not refuse the job. Said one staff writer: "Word of it knew there was no chance of a change, but we wanted to state our concerns in the strongest possible manner." For his part, Newhouse said last week that his job was to "select a man who I think was worthy on the tradition of *The New Yorker*. I had found that man within the magazine that would have been great, but I didn't, and I did not compromise."

The backlash against the palace rebellion began quickly. Some insiders said that Shawn had waited too long to name McGrath as his successor. And a number of authors and editors said that the magazine needed a vigorous new leader. Declared historian Barbara Tuchman: "It's gotten very stodgy. And those writers go on forever." Alfred Lewis Lapham, editor of *American* magazine, said: "It's like the first day Mary-Poplin arrives on the job, she makes them

1985. Flair also began adopting such provocative advertising as the glossy models featured in ads for Calvin Klein's Obsession perfume. Still, the magazine's yearly advertising revenue dropped by 22 percent in both 1980 and 1981.

Several industry observers say that Newhouse acted quickly to prevent the decline of a literary institution. The public protest, they added, only hardened Newhouse's conviction that it was time for change. Some employees agreed that the staff member: "It was done badly—to provide Gottlieb or Newhouse might have changed their minds in public that would have been seen as backing down." Gottlieb is scheduled to become editor in March 1, shortly after the man in the top hat makes his inevitable February appearance in the magazine's cover. Despite that announced move, the imminent arrival of a new editor indicates that changes are likely for a venerable magazine.

—BY BILL SAATCHI AND BILL SAATCHI IN NEW YORK

Only news that's nice to print

By George Baint

Hardly a newspaper could not stand up and, with strong eyes, stare that of the crowd. The London Daily Telegraph. "An honest newspaper reporter tells his readers everything that he thinks they would be interested in knowing about an event, and also everything that he thinks is important for them to know about it." In the words of the editor, the drop of a hat that that's what we're about—the truth without fear or favor, everything on the record, publish or be damned. But complete the quotation from the Telegraph and which for a shuffling of feet: "The sex, race, social status and general circumstances of a criminal case," it went on, "normally had to come in this category."

Yes, well, so, racial tags are to be avoided. Yes, and in certain circumstances, sexual tags. And sex in some newspapers, people may be clearly but never told. And even economic circumstances are to be handled in a gingerly way, the poor may be ever with us, but only collectively, as "the poor," not as individual individuals. Some rich is capable of being considered dignified in the wrong context.

The Daily Telegraph quotation comes via Paul Johnson's media column in *The Spectator*, London, from the sexual report of the British Press Council, a body described by Johnson as "fithery, incompetent and feeble." He dismissed inconsistency with two decisions involving race. The first was in the case of a man who drank 16 pints of Guinness and 12 brandies, then set fire to his house, killing his four sons. The tabloid *Sun*, the council said, was entitled to describe the man as Irish as it was not "personified and prejudiced"—to which Johnson's answer: "The *Sun* is not prejudiced, it is biased. However, it found four sons unwarranted in describing a youth, who murdered one girl and raped five others, as black."

I myself cannot quite accept Johnson's, or the Telegraph's, evident opinion that, in all ordinary circumstances, there should be an suppression of racial identification in criminal cases. I do, though, wish that editors who don't accept it either would not beat their breasts and insist that news, in any context, do we practice self-censorship. And I do wonder if perhaps we do not in matters of race feed, by habit, to

death as high principle what really is so much that a demon not offend anyone, which is a commercial consideration. Still, principled as are, the effort to avoid racist, sexist or other "ist" slights is real.

Chris Belfrage, the Montreal Gazette's ombudsman, recently reviewed a reader's complaint—should I say a Sikh reader's complaint—about headlines, as in "28 Sikhs guilty of conspiring to bomb plane." Belfrage found the use of racial identification available and said that the newspaper should "exercise restraint to prevent headlines or story references from being inflammatory or unfair." Before coming to that decision, he examined two Gazette editors, both of whom argued that Sikh was relevant, and one of whom called it necessary—and two authors, Ted Goodman, ombudsman at the Toronto Star, and Geoffrey Stevens, managing

The concern of the print media with the avoidance of racist, sexist or other 'ist' slights to readers is considerable

editor at the Toronto Globe and Mail. Without endorsing the Gazette, both said that policy at their own places was, as Goodman put it, "to err on the side of the angels."

Stevens described a test applied at the Globe and Mail: "Substitute Jew for Sikh and consider whether it could be sensible in headlines or stories." It is a rule that has superficial appeal, but doubts arise on second reading: one would need to know what goes through the mind of Globe and Mail management. Substituting Jew for Sikh does not mean that the headline "Vietnamese war stories far better—social worker." The lack of confirmation did not appear until the seventh paragraph. Brown concluded that the paper would not have run a story similarly mislabeled if it had not done so, and therefore it was overdone, particularly the heading.

Another who might have objected to the *Journal's* heading was a man who took a complaint, not to an ombudsman but to the Ontario Press Council, a self-maintaining body of the press itself. He was in the office of a substitute for president. His name was Hooker.

dark it, as *The Globe and Mail* and the *Star* did, was story size.

Most newspapers use the Canadian Press (CP). Right or wrong, these have gained a reputation of respectability, of objectivity, of neutrality, of personal appearance, religion, sex and any other heading under which a person or group may feel slighted. CP's first rule on the heading is, "Identify a person by race only when it is truly pertinent. If in doubt, be guided by fairness, sensitivity and taste." However, the news agency also says that "race is pertinent when it motivates an incident or when it helps explain the emotions of the news conference," a slide into the two Toronto newspapers, and now *The Gazette*, seem to have subordinated to a non-race criterion based on community relations.

Five newspapers in Canada employ slide agencies, as in effect, the reader's agency in the newspapers—Ted Goodman, the Toronto Star, Chris Belfrage, the Montreal Gazette, Jack Belfrage, the London Free Press, John Brown, the Edmonton Journal, Jim Smith, Calgary Herald. It does not follow that newspapers without ombudsmen are indifferent to the words of readers. Nevertheless, it makes a significant gesture of sensitivity to assign someone to read and explain of why this and that was done, and to make those public—and to criticize, also publicly, if the explanations are found inadequate.

Chris Brown gives another example of the tricky questions that sometimes face them a social worker at a public meeting in Edmonton and that Vietnamese state workers used their stories for justification. Frig, a columnist both cowardly and reportable. But the speaker, asked about it, acknowledged that the information was second-hand. Police and local Vietnamese denied knowledge. Nevertheless, the speaker said that the headline "Vietnamese war stories far better—social worker." The lack of confirmation did not appear until the seventh paragraph. Brown concluded that the paper would not have run a story similarly mislabeled if it had not done so, and therefore it was overdone, particularly the heading.

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Taylor, saying 'yes' to passion performs and 'no' to rumors of new marriage

PEOPLE

Novelist **Hugh MacLennan** will receive a coveted Award next month from Princeton University, the American Ivy League institution where he studied for his doctorate more than 50 years ago. MacLennan, 73, is the first Canadian to be awarded Princeton's James Madison Medal, presented annually to graduate school alumni who have distinguished themselves in their field. Now a visiting professor at Montreal's Concordia University, the five-time winner of the

When **Michael Reagan**, the adopted son of President **Ronald Reagan**, publishes his memoirs this fall, the White House could be in for a shock. Said Reagan, 41, "I've not talked with my parents about the project so it's going to be a little surprise." Reagan, who is pursuing an acting career in TV, should receive about \$600,000 for the book, called *On the Outside Looking In*. Said his literary agent, **David Meredith**: "The book will include one shocking thing about Michael's life that his parents will learn for the first time."

Amid speculation that she plans to reformer **George Hamilton** husband number seven, actress **Blair Davis Taylor** has said "yes" to a different sort of no. Taylor, 55, announced last week that she and Chesham-Pond's Inc. have tied the knot to market a new perfume—Elizabeth Taylor's *Passion*. Of a possible wedding to **Hamilton**, 47, the violet-eyed beauty declared: "We're very fond of each other. Things are so nice the way they are, why mess it up?"

Although he regularly bins the hard hat that feeds him, Montreal Gazette sports columnist **Ted Blackman** still collected \$77,000 from the newspaper last year. For that amount, **Blackman**, 55, wrote only three columns while attacking *The Gazette*—which paid him not to

write for most of the year—on a radio station where he is sports director. **Blackman** said the paper has been feeding for five years, during which he has been suspended four times. He has declined a severance offer and has now been demoted to a suburban barrow. "I have gone from covering **Paul Henderson's** goal in Moscow in 1978 to doing cigarette tournaments in *Blossomsfield*," said the paper's onetime star columnist. For his part, Gazette publisher **Charles Dwyer** said, "I have nothing to say about that person or his situation here."

A theater troupe of senior citizens from Prince Edward Island has been invited to an international theatre conference in New York City next month. The six actors, known as **The Veterans**, will be performing their revue about growing old, which entertained audiences at Expo 86 in Vancouver. One **Veteran** is 80-year-old minister **William Weale**, 71, who says that acting has given him a new zest for life. Dedared **Weale**, a veteran of four heart bypass operations: "I love to encourage other seniors to move more."

Pop diva **Grace Jones** is waiting for friends and recent *La Vie En Rose*, the restaurant she opened in New York City's trendy SoHo district recently. The stark white pink-hued story is aimed at the evening crowd, says **Jean-Yves Lecomte**, Jones's business partner. **Lecomte** says that he has done little to promote *La Vie En Rose*, adding that he "would be happy [for the restaurant] to be discovered by word-of-mouth."



MacLennan: decline of the Empire

Governor Gervard's Award says that his acceptance speech will be on the decline of the American Empire. Declared **MacLennan**, who wrote his PhD thesis on the fall of the Roman Empire: "The Roman Empire fell for the same reason the American Empire is falling now. It went broke."



Jones: a late night crowd to discover an eatery

Still, it remained almost empty one evening last week except for Jones, 36, and a dozen companions. Dedared Jones, who had arrived for a \$30 dinner: "I usually don't get here this early. I just want to arrive before 11 p.m."

—Edited by YVONNE COX



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Documenting dullness

They are a disarmingly familiar presence at social gatherings—the recording birds who flyse some listeners to distraction. But until Mark Leary, a psychology professor at Wake Forest University in Winston-Salem, N.C., published the results of three studies on social boredom last November, no scientific research had been done on a condition that afflicts many individuals at one time or another. And Leary "At some point, everybody seems to feel it is boring and doesn't know it."

To discover what kinds of behavior bore people in social situations, Leary first asked 36 students at Wake Forest for typical examples of annoying behavior. They cited winceable facial expressions, talking slowly and rambling, faking stories, among their favorite examples. Next, Leary grouped the examples into 43 themes. Then he asked another group of 308 students to rate the themes according to how much each bored them.

After Leary analyzed the data, nine

truly annoying behavior patterns emerged. Topping the list of behavior that annoys people is "negative asperities," when individuals complain about their lives all the time. Then there is banal behavior—sitting still or only talking about a single subject in a conversation. Next comes passivity.

Truly boring people complain about their lives, appear banal or ingratiate and get excited about trivial matters

when someone never takes a stand on anything, and then ingratiating behavior, trying too hard to be nice and to be liked. Another set of boring others is by acting in a dominating fashion—getting excited about trivial things and undersubstantiating a conversation.

Those who show no emotion or enthusiasm also positively bore people.

Why do some self-proclaimations, when people take out when talk turns to anything but themselves, their job or children. Next are the rarely tedious, who, and Leary, "are the sort of person who rambles on in a monotonous voice, giving too many details." And finally there is over-enthusiasm, always seeing the dark side of life and never appreciating better.

Leary's researchers also asked students to listen to a series of five-minute conversations. The students consistently gave a boring rating to the speakers who asked too many questions, frequently used unconscious acknowledgments, such as an "uh-huh" after someone has made a point, and did not talk very much themselves. Boring people, said Leary, "just do not contribute much to a conversation."

And being dull can ruin a person's reputation. Stud Leary "When you are chronically boring, people hate to see you coming." But in researching the subject of boredom, Leary has become a minor celebrity. Since he published his study, Leary has had requests for dozens of radio, TV and press interviews. And recognition of his own findings, he says that he tries "to mix it up a bit each time I talk about it—so I don't get boring."

—LARRY WELCH • New York

BOOKS

Mogul of the media

CITIZEN MURDOCH

By Thomas Kiernan
(Holt/Rinehart & Winston, 354 pp., \$24.95)

So compelling is the saga of press baron Rupert Murdoch's rise to power that even such a lame and ineffectual biography as Thomas Kiernan's *Citizen Murdoch* cannot fail to captivate interest. One of the world's most powerful media entrepreneurs, Murdoch was born in 1910, the son of a well-known Australian journalist and publisher. "Out of a modest family heritage," writes Kiernan, Murdoch has "with great business skill and guts, and in a mere 30 years, constructed what will soon be the most far-reaching and pervasive media empire in history. And he will not stop there." Sadly, the slowest pace is typical of Kiernan's blooded approach to his subject.

Author of numerous pop biographies—including the Leary, a study of Sir Laurence Olivier, *Jose Pausa: Reviews for Our Time and Angst: The Man and the Myth*—Kiernan specializes in tackling noteworthy subjects. But *Citizen Murdoch* seems confined to cater to the same taste for scandal as the popular tabloids with which Murdoch is intimately linked. Murdoch constructed his empire—which now spans four continents—as the staple exponent of appealing to the lowest possible factor of public taste. He bought up newspapers of dubious merit—including the British *Sun* of the World and *The Sun*—and made them just more dubious. According to Kiernan, classic "Murdochian journalism" includes "the exaggerated style, flid, wit, invented quotes and the irrelevant, gratuitously bloodcurdling headline ('Lager Lager Virus, Grrrr! Back to Monster Baby!')."

Kiernan clearly resents Murdoch's success with that style—and has an air of it to promote his right-wing political views. Having made and broken governments in Australia over the past 30 years, Murdoch shifted his base to England in the 1970s, championing Conservative leader Margaret Thatcher's cause so effectively that he came to be known as the "shadow prime minister." In this decade Murdoch's appetite has extended to the United States, where he acquired mass media outlets—the value of his empire is now estimated at \$4.6 billion—and re-created the political scene by actively endorsing Republican candidates.

The sheer enormity of the Murdoch

empire is such that when obstacles—including editors unwilling to be politically agitated—arise, they have little chance of halting his progress. But Kiernan's breathless style fails to break depth or insight to those readers. And he doesn't attract attention to the quality publications that Murdoch has per-

suaded, among them the *London Times*. Throughout, Kiernan offers the promise of revelation, implying that he was once on intimate terms with Murdoch. But he never delivers, and what he writes is often as vague as Murdoch's more tabloids. As Rupert Murdoch prepares for his next major challenge, the creation of a fourth U.S. TV network, he deserves a more penetrating account of his considerable achievements. Heralded fascination falls short of the mark.

—PAUL BONNETT

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BOOKS

Roth's dance of the dialectic

THE COUNTRYFIRE
By Philip Roth
Random 222 pages \$26.95

The story, on the surface, is quite simple. In the late 1970s two American brothers, distant

Henry Zuckerman and writer Nathan Zuckerman, are in the midst of their lives. Then Henry starts having heart trouble. The medicine that controls the condition leaves him impotent, while the alternative is a risky heart operation. But Philip Roth's latest novel, *The Countryfire*, is rarely about surfaces. Soon Roth begins to complicate things, as the two Zuckermans grapple with the issues currently confronting agnostic American Jews. The result is an original and stimulating book, told at a crackling pace, elegantly written, full of nuances and very funny.

The first surprise is that *The Countryfire* is not really concerned with character. These two stories set up to reveal character. Nor does the reader know very much about the principal figures at the end. What Roth goes instead is argument—debates that extend through the five different sections of the book: *Israel*, *Judas*, *Alfalfa*, *Discontinuance* and *Christendom*. Each section is a variation of the same, story of life-threatening disease and man's consequential Judaism. Each involves the two brothers in different ways. In one section, Henry suffers the heart attack, in another, Nathan is the victim. And each section poses separate problems, involving serious religious and political identity, negotiating legacies and the past.

In the most serious confrontation, in *Judas*, Henry decides to leave America, his dental office, his wife and children and his restaurant in order to live on a kibbutz on the Israeli landscape of Judas. Nathan flies to Israel to see if he can persuade his brother to return. As the two trade arguments pitting Zionism against the American way of life, it becomes clear that Roth is really writing about Nathan's arguments with himself. And each argument is convincing. Roth is a much larger and more serious writer than some of his earlier books suggested. He can now make

persuasive an argument opposed to the one he obviously supports—the first, due to the book's larger themes. As the novel develops, he does it convincingly. It becomes theatre, its five sections really stages, its main characters actors, playing different roles.

There is a natural incompatibility. He feels like a spy in the adversary's camp. The not repeated by the audience at present, he sees "I just and the refuge foreign in the most far-reaching ways

—and never more so than when the concepts are observing the highest standards of linguistic domain and the electric most beautifully recasting the electric of love."

Then, about two-thirds of the way through the novel Roth reveals that all of the stories are versions of a book that Nathan is writing. What *The Countryfire* is really all about is what a writer can do, and does, with his life, his family, his friends and the known situations he finds himself in—and how, by turning them into fiction, he gets still more out of the life that he has lived. The resulting drama not only defines life but, by implication, shows those who do not write books that they can do something similar with their lives. Through metaphorical, argument and fantasy, if life were too simple, Roth argues, it would not deserve to be lived.

Technically, *The Countryfire* is very sophisticated. Revealing too much of the plot would not readers of the pleasure they will get when it finally becomes apparent. But much of what has happened certainly falls into place, even though the first removal of events was entirely convincing. The way it was presented. And that, of course, reinforces Roth's point about the purpose of literature.

The only true Roth function in it is the opening part of the last section, *Christendom*. There, examining the life and perspective of the English upper class, he serves up cliché. In an exclusive restaurant in the English countryside, Nathan Zuckerman is dining with his English girlfriend when, from a nearby table, a dowager tells her husband, "There's a terrible smell in here." That sort of thing disquiets, because Roth usually has a good social eye. But he recovers quickly. And the book ends with another argument, convincing and poignant, about why books, especially autobiographical fiction, are necessary.

—SHERMAN LEVINE



Roth, debate, impotence and the meaning of Judaism



Bereaved or not, almost-ephemeral comedy breeds tragedy as implacable as a stone

FILMS

Return of the native son

IN THE SHADOW OF THE WIND
Directed by Vito Marcovici

After a five-year absence, a young man returns to the village of his birth. His brother and parents still live there, unacquainted to his sudden and violent departure. It is the old tale of the prodigal son—but Anne Hébert's bleak, poetic novel *Les Fils de l'étranger* offers no forgiveness, no reward, no harmony. The young man's stay-at-home brother is mentally handicapped. Their father is as frightened that he refuses to speak to the prodigal at all. To translate Hébert's brooding vision onto the screen posed a major challenge for Quebec director Vito Marcovici, his new film, *In the Shadow of the Wind* (already released in Quebec under the title *Les Fils de l'étranger*), meets that challenge with grace and flair.

Most of the action takes place in the 1930s, on a craggy island off the Gaspé Peninsula. Although *In the Shadow of the Wind* was written and filmed in French, it depicts an isolated English-speaking community. Much of their existence in Scotland and Ireland did centuries ago, the misdeeds enter in a rough, unromantic state of nature the son, then, then, the wind, such them, the seasons determine their way of life. The islanders are so closely tied to their cruel environment as the native, gaunt, that give the novel his French title to survive in such a wild

but disapproving community, the inhabitants are most good, cruel.

None is crueller than Severus Brown (Steve Bauer), the blue-eyed prodigal son, with the self-conscious good looks of a cowboy, and a desperate belief in his own power. He is distrustful of the women he attracts, but a rose-tinted lover's marks his pursuit of Olivia (Christine Vachon), the only girl who resists him. Meanwhile, the local pastor (Bernard-Pierre Donizette), frustrated by his own sterile marriage, falls for Olivia's sister Nora (Lucie Maréchal). Both parents end up in a tragedy as inevitable and as implausible, Hébert implies, as the girl's recurrent storm.

So harsh a tale demands similar intensity in the filming. To Marcovici's credit, his adaptation of a complex novel never loses focus. And Richard Graydon's sensitive score captures the mood of desolate grandeur as surely as Alain Dubeau's lyrical cinematography. Unfortunately, a few performances miss the mark. Bauer, particularly, lacks the subtlety of expression and the underlying frailty his role requires. He looks the part more than he acts it.

Still, *In the Shadow of the Wind* contains some remarkable images. And its too often success in Quebec provides more evidence that Canadian film-makers can find conventional rewards without indulging in slavish imitations of Hollywood.

—MARK VILEY

Hippocratic oafs at large

CRITICAL CONDITION
Directed by Michael Apud

Most people do not want to see a movie with Richard Pryor in it—they want to see a Richard Pryor movie. His fans prefer to see the comic up close, being funny. They do not need to feel the character or satisfaction. Pryor's extroverted aphorisms alone can establish character. But the problem with Pryor's new comedy, *Critical Condition*, is that it heads over backward—and, whenever possible, drops its pants—trying to be a real story, with the viewer seated as Pryor for the plot. By the time he puts on a white smock and starts playing doctor, the audience has scribbled fatigue. Michael Apud, the British director of *Good Afternoon* (reviewed) and the compilation documentary *Mr. U.S.*, has frantically attempted to make a flat-out Hollywood comedy.

Looking that and slightly worried, Pryor plays a new artist who, during a morning session, takes an insanity pill and ends up in a hospital psychiatric ward. When a power failure drops the place into chaos, Pryor escapes and assumes the identity of an emergency-room doctor. After some euphoric humor involving heroin and cocaine, complicated scenes, Pryor finally escapes from the clatter of portending jokes and crashes toward light moments. The hospital's pretty administrator (Rachel Theobald) advances the way Pryor's character handles such crises as flying a helicopter into the hospital facility to improve ventilation. He also lectures a doctor anxious about malpractice suits on the true meaning of medicine: "This is a great job," he tells him. "We can park anywhere we want."

In the end, Pryor's bad-boy character sports angel wings, saves the hospital, slays a deranged killer on the loose—and asks the beautiful administrator to dinner. If the film-makers had let Pryor be himself, he could have been an enigma at his best, devoid of any sideways and suggested something utterly enigmatic. Pryor is actually very good in his serious moments. But by the time *Critical Condition* starts speaking as a comedy, nearly all of its wit and spirit are gone. Somebody should have pulled the plug.

—MARION JACKSON

THEATRE: BRIEF ENCOUNTERS

QUARTET FOR THREE ACTORS
by Sir Kenneth Tynan
Directed by Peter Rothman

Kral (Ken Kesner) is a slightly old-fashioned leading actor given to self-deprecation. Minsky (William Vickars) is a natural comic who feels when he is not performing. Fran (Wendy Van Horn) is energetic but wildly disregarded, an actress given to soliloquies of emotional supplication to the gods of theatre. In Ken Kesner's *Quartet For Three Actors*, which premiered two weeks ago at Regina's Globe Theatre, this odd trio is trapped on an empty stage, unable to find the wit. A funny and edgy confounding play about itself, *Quartet* has been imaginatively directed by Peter Rothman, in a production that presents the play's humor without losing sight of its darker undercurrents.

At first the actors simply act out their lives, hoping to discover their end lines. But soon they begin to wonder if, instead of being actors, they are merely characters in a play—and all the while, in fact just a stage. Then they see the theatre to save themselves, emerging as an invisible audience in a swirl of stark effects they have accepted. At the end, they confront an invisible fourth actor—the unseen God who, like the playwright, brings anonymous-looking characters onto the stage. If there is one weakness in the play, it is that Deneault is too good at his character, making it hard to empathize with them. Still, he argues that if human beings are the children of God, then life is comedy, not tragedy.

—MICHAEL SCHULMAN

FIRE
by Paul London and Donald Young
Directed by Brian Macdonald

Rack 'n' roll is the bastard child of fundamental religion. In *Fire*, written by Paul London and Donald Young, explore the hell-for-leather spirit of rock music and its roots in the evangelist Deep South. Developed at Than-

der Bay's Magna Theatre, the musical is now playing at New York's Center Theatre and will soon move to Ottawa and Edmonton. The playwrights have based their plot on the careers of such singers as Jerry Lee Lewis and the (partial) son of Ty Ty, including Lewis himself. *Fire* is a musical comedy, the result of a thought-provoking director, that makes in Brian Macdonald's finest production.

The heart of *Fire* is the performance of



Dykstra, Peter Mikov: the religious roots of rock music

the singer, Cole Blackwell (Tim Dineen), a young son of a Pentecostal minister in Rochester, Ark. From accompanying the hymns in his father's church, Cole grows into a manly rock star. But even at the drop-dead height of his fame, he returns a plain faith in God—and in his own devotion to that music. Cole, Dykstra lights up the stage with diversity at the highest musical, but a metaphorical view and a smoldering energy.

Dykstra's work is enhanced by a versatile supporting cast. As Molly King, the girl Cole was by music and seen by his father, Janet Lane (effortlessly portrays the transformation from bubbly teenager to iron curtain. Molly eventually becomes Cole's brother. Her brother (played by Ron Lee), who gains wealth and power—but loses his soul—is a right-wing evangelist. In Blackwell's case, his brother is the son of the Holy Ghost, because the evangelist of a nuclear war from which the righteous expect to rise up in rapture. Fire's script has some weak spots, and much of the

second act resembles a family melodrama. But its strong performances make for a satisfying theatre.

—MARK VILEY

AUNT DAVE AND LEMMON
by Walter Shriver
Directed by Ugo Kavens
and Andy McKim

In *Aunt Dave and Lemmon*, American writer Walter Shriver (*My Driver With Andy*) rigs up the bloodiest of humanity's moral problems to expose the genesis of evil. Lemmon, the play, given its Canadian premiere by Toronto's Tarragon Theatre and running until Feb. 8, focuses on the eccentric Lemmon (Brian Cogan), who resembles about an old family friend. Aunt Dave (Clare Coulter), a vivacious professor who admires Lemmon's secretary of state Henry Kissinger, Aunt Dave cheerfully agrees that nature has the right to preserve their way of life through love. Under Dave's spell, Lemmon promises that to his inevitable end, the same implication that the United States to drop bombs in Southeast Asia yielded Lemmon's intervention of the Jews. As the play ends, Lemmon salutes the unconditional humanity of Hitler and his enemies. Shriver is exploring—not condemning—Dave's ideas, but his play lacks a rebuttal to these arguments. Still, the heady drama is a powerful investment to debate.

—JOHN LEMMON

MACLEAN'S BEST SELLER LIST

FICTION

1. *Whiskey, Chisel* (U)
2. *Black* (U)
3. *The Progress of Love, Memoirs* (U)
4. *A Taste for Death, Memoirs* (U)
5. *The Tale of Love, Fiction* (U)
6. *Redwood, Harbourside, Collier* (U)
7. *The Queen's Secret, Thriller* (U)
8. *Black, France* (U)
9. *The Night of the Fox, Memoirs* (U)
10. *The Girl, Fiction* (U)

NONFICTION

1. *His Way, The Unauthorised Biography of Frank Sinatra, Atley* (U)
2. *Very, Bruce* (U)
3. *Murder, Lippincott* (U)
4. *Love in Winter, Lippincott* (U)
5. *Contrasting Elements: Who Owns Canada?, France* (U)
6. *Paradise, Lippincott* (U)
7. *The Secret of English, McClelland* (U)
8. *My Mother, Lippincott* (U)
9. *The Myster, Lippincott* (U)
10. *Of the Character, Lippincott* (U)

(1) Fiction not sold

—Compiled by Frances McNeely

Creepy work in the basement

By Allan Fotheringham

Does Dr. Frank go to a curiously propitious to interview just a solitary propitious?

Interpolate the specificities of your phantasmagorical variety.

Will you, for the life of me I can't figure out what is going on with this Black-White propitious?

First of all, the public has been confused because there hasn't been a handy name for it—like Watergate.

And so we now have a name for it?

Yes, Gippergate. Move on. Will you, for the life of me I can't figure out what is going on with this Black-White propitious?

Simple. Off to North is Ronald Reagan's silver-screen alter ego. He is the fearless hero of all those "chuck-a-rum-ums" (Café Grains of Minnesota) that the President used to stir in.

Too much...?

Right. Off to North is the one Reagan always wanted to have. Ronald Reagan Jr., at one time, was a ballet dancer, appears on TV in his underwear and does American Korean commercials. Off to North, jumping out of helicopters into the arms of the camera in Nicaragua, does it the way the screen Reagan would have done it.

But is it true that North had 22 million in cash in his safe in the White House basement?

That's what he told his friends. Col North took an oath to serve his country. No one said he had to tell the truth.

But didn't he have a boss? Isn't there one massive breakdown—couldn't he have that much power to insure international security?

Ever hear of Christian Kohler?

Why Christian Kohler?

A London guy who almost overthrew the Blacked Mammoth Tory government because he was sleeping with both War Minister John Profumo and a Soviet military attaché.

That's the context?

Christian was just fiddling two men. Off to North is the President.

Got another? What about his boss?

Off to North was Admiral John Pendergast, also known to serve his country.

Also Pendergast is a reference for Southern States.

He used to give his version of confidential sources to Reagan, verbally, and then sign Reagan's orders on them. The President is not much for detail.

What about the vice-president?

George Bush no longer exists. George Bush has done such a marvellous job, trying to distance himself from the scandal, that many think he may need to consider helping Nelson White term the White of Florida. He is working faster than the Vancouver Canucks.

Where was he when the scandal broke off?

The two most powerful men, Secretary of State George Shultz and Defense

Secretary Casper Weinberger, knew the only way to the basement was up to something and didn't approve, and so looked the other way.

Why is that?

Because Off to North was playing out his role as a younger Reagan and the President likes dreams.

I think you're making this up.

How can you make anything up when a cowboy in the White House basement arranges through French middlemen to ship arms to seven enemy Iran and supplies the money through numbered Swiss bank accounts and a couple of Canadian millionaire suckers are sucked and some \$30 million goes missing and the next ends up with truck lighting, an established government in Nicaragua—defying Congress and breaking a number of American laws?

Are you suggesting this is as bad as Watergate?

Watergate became Watergate only because the President at the time, what's his name, kept lying. The President

at this time just can't remember. He's not much for detail.

But is it so bad?

No one was physically hurt in Watergate. It was a burglary that turned into a lying contest. No foreign countries were involved in Gippergate, there is no foreign financing of one side in the Iran-Iraq war with the profits going to financing another war in Nicaragua, with the reputation of Israel drama into it. Pardon me, Saudi, Middle Eastern, Omani suckers. It's a real United Nations of creep. Off to North has the jackpot.

But surely this is going to blow over soon?

Yeah, in about nine months. There are some different congressional committees investigating bookkeeping and the title and some the CIA, the National Security Council and the basement owners delighted in the special prosecutor appointed to delve into the whole mess estimates he may have a report by September.

And on the moon?

Not to worry. Nancy will continue to run the White House, the Goats will beat the Broncos in the Super Bowl and the Star Spangled Banner report will come out in 1988, just edging out the Calgary Grizzlies.

And what lessons do we draw from this a case?

The lesson we draw is that a President, forbidden by law from having elected people in his cabinet, surrounded himself with geriatric millionaires who are so enamored of the trappings of power that they do not want to tell the emperor that he has no clothes.

I don't get you.

They all knew the old guy didn't care much for detail, that he's sentimental and felt sorry for the hostages held in the Middle East and thought a little fiddling outside the law, as really by his heroism in the basement, must be appreciated in the end by the public once he'd got all the hostages out.

You mean, the end justifies the means. You got it, butter.

But that's what Nixon thought. Thank you. Gen, Dr. Frank, you're certainly magnificent and more time to flourish the Washington.

No sweat.



Lamborghini Countach



Porsche 928S



Ferrari GTD



Buick Regal Grand National

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*Approximately 94 mph.

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